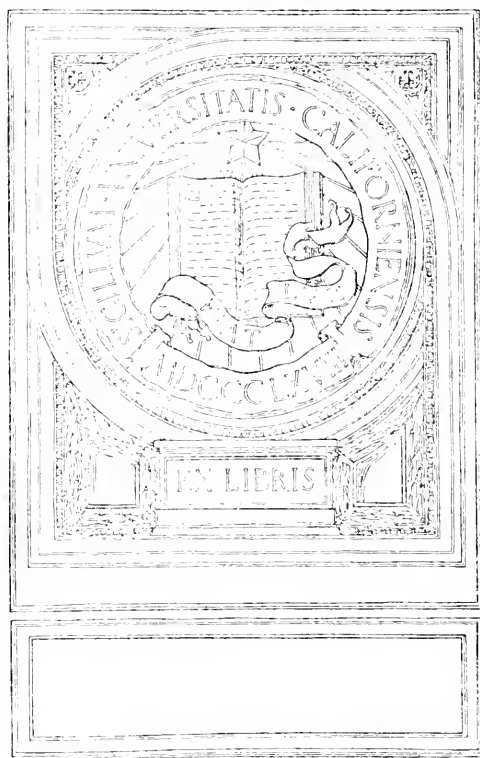




UNIVERSITY OF CALIFORNIA  
AT LOS ANGELES













THE HISTORY OF THE GREAT  
AMERICAN FORTUNES

BY THE SAME AUTHOR

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THE HISTORY OF TAMMANY HALL

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HISTORY OF THE PUBLIC FRANCHISES  
IN NEW YORK CITY.

# HISTORY OF THE GREAT AMERICAN FORTUNES

BY

GUSTAVUS MYERS

AUTHOR OF "THE HISTORY OF TAMMANY HALL," "HISTORY OF  
PUBLIC FRANCHISES IN NEW YORK CITY," ETC.

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VOL. I.

PART I: CONDITIONS IN SETTLEMENT  
AND COLONIAL TIMES

PART II: THE GREAT LAND FORTUNES

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## PREFACE

In writing this work my aim has been to give the exact facts as far as the available material allows. Necessarily it is impossible, from the very nature of the case, to obtain all the facts. It is obvious that in both past and present times the chief beneficiaries of our social and industrial system have found it to their interest to represent their accumulations as the rewards of industry and ability, and have likewise had the strongest motives for concealing the circumstances of all those complex and devious methods which have been used in building up great fortunes. In this they have been assisted by a society so constituted that the means by which these great fortunes have been amassed have been generally lauded as legitimate and exemplary.

The possessors of towering fortunes have hitherto been described in two ways. On the one hand, they have been held up as marvels of success, as preëminent examples of thrift, enterprise and extraordinary ability. More recently, however, the tendency in certain quarters has been diametrically the opposite. This latter class of writers, intent upon pandering to a supposed popular appetite for sensation, pile exposure upon exposure, and hold up the objects of their diatribes as monsters of commercial and political crime. Neither of these classes has sought to establish definitely the relation of the great fortunes to the social and industrial system which has propagated them. Consequently, these superficial effusions and tirades — based upon a lack of understanding of the pro-

pulling forces of society — have little value other than as reflections of a certain aimless and disordered spirit of the times. With all their volumes of print, they leave us in possession of a scattered array of assertions, bearing some resemblance to facts, which, however, fail to be facts inasmuch as they are either distorted to take shape as fulsome eulogies or as wild, meaningless onslaughts.

They give no explanation of the fundamental laws and movements of the present system, which have resulted in these vast fortunes; nor is there the least glimmering of a scientific interpretation of a succession of states and tendencies from which these men of great wealth have emerged. With an entire absence of comprehension, they portray our multimillionaires as a phenomenal group whose sudden rise to their sinister and overshadowing position is a matter of wonder and surprise. They do not seem to realize for a moment — what is clear to every real student of economics — that the great fortunes are the natural, logical outcome of a system based upon factors the inevitable result of which is the utter despoilment of the many for the benefit of a few.

This being so, our plutocrats rank as nothing more or less than as so many unavoidable creations of a set of processes which must imperatively produce a certain set of results. These results we see in the accelerated concentration of immense wealth running side by side with a propertyless, expropriated and exploited multitude.

The dominant point of these denunciatory emanations, however, is that certain of our men of great fortune have acquired their possessions by dishonest methods. These men are singled out as especial creatures of infamy. Their doings and sayings furnish material for many pages of assault. Here, again, an utter lack of



knowledge and perspective is observable. For, while it is true that the methods employed by these very rich men have been, and are, fraudulent, it is also true that they are but the more conspicuous types of a whole class which, in varying degrees, has used precisely the same methods, and the collective fortunes and power of which have been derived from identically the same sources.

In diagnosing an epidemic, it is not enough that we should be content with the symptoms; wisdom and the protection of the community demand that we should seek and eradicate the cause. Both wealth and poverty spring from the same essential cause. Neither, then, should be indiscriminately condemned as such; the all-important consideration is to determine why they exist, and how such an absurd contrast can be abolished.

In taking up a series of types of great fortunes, as I have done in this work, my object has not been the current one of portraying them either as remarkable successes or as unspeakable criminals. My purpose is to present a sufficient number of examples as indicative of the whole character of the vested class and of the methods which have been employed. And in doing this, neither prejudice nor declamation has entered. Such a presentation, I believe, cannot fail to be useful for many reasons.

It will, in the first place, satisfy a spirit of inquiry. As time passes, and the power of the propertied oligarchy becomes greater and greater, more and more of a studied attempt is made to represent the origin of that property as the product of honest toil and great public service. Every searcher for truth is entitled to know whether this is true or not. But what is much more important is for the people to know what have been

the cumulative effects of a system which subsists upon the institutions of private property and wage-labor. If it possesses the many virtues that it is said to possess, what are these virtues? If it is a superior order of civilization, in what does this superiority consist?

This work will assist in explaining, for naturally a virtuous and superior order ought to produce virtuous and superior men. The kind and quality of methods and successful ruling men, which this particular civilization forces to the front, are set forth in this exposition. Still more important is the ascertainment of where these stupendous fortunes came from, their particular origin and growth, and what significance the concomitant methods and institutions have to the great body of the people.

I may add that in Part I no attempt has been made to present an exhaustive account of conditions in Settlement and Colonial times. I have merely given what I believe to be a sufficient resumé of conditions leading up to the later economic developments in the United States.

GUSTAVUS MYERS.

September 1, 1909.

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PART I

CONDITIONS IN SETTLEMENT AND COLO-  
NIAL TIMES



# HISTORY OF THE GREAT AMERICAN FORTUNES

## CHAPTER I

### THE GREAT PROPRIETARY ESTATES

The noted private fortunes of settlement and colonial times were derived from the ownership of land and the gains of trading. Usually both had a combined influence and were frequently attended by agriculture. Throughout the colonies were scattered lords of the soil who held vast territorial domains over which they exercised an arbitrary and, in some portions of the colonies, a feudal sway.

Nearly all the colonies were settled by chartered companies, organized for purely commercial purposes and the success of which largely depended upon the emigration which they were able to promote. These corporations were vested with enormous powers and privileges which, in effect, constituted them as sovereign rulers, although their charters were subject to revision or amendment. The London Company, thrice chartered to take over to itself the land and resources of Virginia and populate its zone of rule, was endowed with sweeping rights and privileges which made it an absolute monopoly. The impecunious noblemen or gentlemen who transported themselves to Virginia to recoup their dis-

sipated fortunes or seek adventure, encountered no trouble in getting large grants of land especially when after 1614 tobacco became a fashionable article in England and took rank as a valuable commercial commodity.

Over this colony now spread planters who hastened to avail themselves of this new-found means of getting rich. Land and climate alike favored them, but they were confronted with a scarcity of labor. The emergency was promptly met by the buying of white servants in England to be resold in Virginia to the highest bidder. This, however, was not sufficient, and complaints poured over to the English government. As the demands of commerce had to be sustained at any price, a system was at once put into operation of gathering in as many of the poorer English class as could be impressed upon some pretext, and shipping them over to be held as bonded laborers. Penniless and lowly Englishmen, arrested and convicted for any one of the multitude of offenses then provided for severely in law, were transported as criminals or sold into the colonies as slaves for a term of years. The English courts were busy grinding out human material for the Virginia plantations; and, as the objects of commerce were considered paramount, this process of disposing of what was regarded as the scum element was adjudged necessary and justifiable. No voice was raised in protest.

#### THE INTRODUCTION OF BLACK SLAVES.

But, fast as the English courts might work, they did not supply laborers enough. It was with exultation that in 1619 the plantation owners were made acquainted with a new means of supplying themselves with adequate workers. A Dutch ship arrived at Jamestown with a



cargo of negroes from Guinea. The blacks were promptly bought at good prices by the planters. From this time forth the problem of labor was considered sufficiently solved. As chattel slavery harmonized well with the necessities of tobacco growing and gain, it was accepted as a just condition and was continued by the planters, whose interests and standards were the dominant factor.

After 1620, when the London Company was dissolved by royal decree, and the commerce of Virginia made free, the planters were the only factor. Virginia, it was true, was made a royal province and put under deputy rule, but the big planters contrived to get the laws and customs their self-interest called for. There were only two classes — the rich planters, with their gifts of land, their bond-servants and slaves and, on the other hand, the poor whites. A middle class was entirely lacking.

As the supreme staple of commerce and as currency itself, tobacco could buy anything, human, as well as inert, material. The labor question had been sufficiently vanquished, but not so the domestic. Wives were much needed; the officials in London instantly hearkened, and in 1620 sent over sixty young women who were auctioned off and bought at from one hundred and twenty to one hundred and sixty pounds of tobacco each. Tobacco then sold at three shillings a pound. Its cultivation was assiduously carried on. The use of the land mainly for agricultural purposes led to the foundation of numerous settlements along the shores, bays, rivers, and creeks with which Virginia is interspersed and which afforded accessibility to the sea ports. As the years wore on and the means and laborers of the planters increased, their lands became more extensive, so that it was not an unusual thing to find plantations of fifty or sixty thousand acres. But neither in Virginia nor in Mary-

land, under the almost regal powers of Lord Baltimore who had propriety rights over the whole of his province, were such huge estates to be seen as were being donated in the northern colonies, especially in New Netherlands and in New England.

#### FEUDAL GRANTS IN THE NORTH.

In its intense aim to settle New Netherlands and make use of its resources, Holland, through the States General, offered extraordinary inducements to promoters of colonization. The prospect of immense estates, with feudal rights and privileges, was held out as the alluring incentive. The bill of Freedoms and Exemptions of 1629 made easy the possibility of becoming a lord of the soil with comprehensive possessions and powers. Any man who should succeed in planting a colony of fifty "souls," each of whom was to be more than fifteen years old, was to become at once a patroon with all the rights of lordship. He was permitted to own sixteen miles along shore or on one side of a navigable river. An alternative was given of the ownership of eight miles on one side of a river and as far into the interior "as the situation of the occupiers will permit." The title was vested in the patroon forever, and he was presented with a monopoly of the resources of his domain except furs and pelts. No patroon or other colonist was allowed to make woolen, linen, cotton or cloth of any material under pain of banishment.<sup>1</sup>

These restrictions were in the interest of the Dutch West India Company, a commercial corporation which had well-nigh dictatorial powers. A complete monopoly

<sup>1</sup> O'Callaghan's "History of New Netherlands," 1: 112-120.

throughout the whole of its subject territory, it was armed with sweeping powers, a formidable equipment, and had a great prestige. It was somewhat of a cross between legalized piracy and a body of adroit colonization promoters. Pillage and butchery were often its auxiliaries, although in these respects it in nowise equalled its twin corporation, the Dutch East India Company, whose exploitation of Holland's Asiatic possessions was a long record of horrors.

#### THE DUTCH WEST INDIA COMPANY.

The policy of the Dutch West India Company was to offer generous prizes for peopling the land while simultaneously forbidding competition with any of the numerous products or commodities dealt in by itself. This had much to do with determining the basic character of the conspicuous fortunes of a century and two centuries later. It followed that when native industries were forbidden or their output monopolized not only by the Dutch West India Company in New Netherlands, but by other companies elsewhere in the colonies, that ownership of land became the mainstay of large private fortunes with agriculture as an accompanying factor. Subsequently the effects of this continuous policy were more fully seen when England by law after law paralyzed or closed up many forms of colonial manufacture. The feudal character of Dutch colonization, as carried on by the Dutch West India Company, necessarily created great landed estates, the value of which arose not so much from agriculture, as was the case in Virginia, Maryland and later the Carolinas and Georgia, but from the natural resources of the land. The superb primitive timber

brought colossal profits in export, and there were also very valuable fishery rights where an estate bounded a shore or river. The pristine rivers were filled with great shoals of fish, to which the river fishing of the present day cannot be compared. As settlement increased, immigration pressed over, and more and more ships carried cargo to and fro, these estates became consecutively more valuable.

To encourage colonization to its colonies still further, the States General in 1635 passed a new decree. It repeated the feudal nature of the rights granted and made strong additions.

Did any aspiring adventurer seek to leap at a bound to the exalted position of patroonship? The terms were easy. All that he had to do was to found a colony of forty-eight adults and he had a liberal six years in which to do it. For his efforts he was allowed even more extensive grants of land than under the act of 1629. So complete were his powers of proprietorship that no one could approach within seven or eight miles of his jurisdiction without his express permission. His was really a principality. Over its bays, rivers, and islands, had it any, as well as over the mainland, he was given command forever. The dispensation of justice was his exclusive right. He and he only was the court with summary powers of "high, low and middle jurisdiction," which were harshly or capriciously exercised. Not only did he impose sentence for violation of laws, but he, himself, ordained those laws and they were laws which were always framed to coincide with his interests and personality. He had full authority to appoint officers and magistrates and enact laws. And finally he had the power of policing his domain and of making use of the titles and arms of his colonies. All these things he could do

"according to his will and pleasure." These absolute rights were to descend to his heirs and assigns.<sup>2</sup>

#### OLD WORLD TRADERS BECOME FEUDAL LORDS.

Thus, at the beginning of settlement times, the basis was laid in law and custom of a landed aristocracy, or rather a group of intrenched autocrats, along the banks of the Hudson, the shores of the ocean and far inland. The theory then prevailed that the territory of the colonies extended westward to the Pacific.

From these patroons and their lineal or collateral descendants issued many of the landed generations of families which, by reason of their wealth and power, proved themselves powerful factors in the economic and political history of the country. The sinister effects of this first great grasping of the land long permeated the whole fabric of society and were prominently seen before and after the Revolution, and especially in the third and fourth decades of the eighteenth century. The results, in fact, are traceable to this very day, even though laws and institutions are so greatly changed. Other colonies reflected the constant changes of government, ruling party or policy of England, and colonial companies chartered by England frequently forfeited their charters. But conditions in New Netherlands remained stable under Dutch rule, and the accumulation of great estates was intensified under English rule. It was in New York that, at that period, the foremost colonial estates and the predominant private fortunes were mostly held.

The extent of some of those early estates was amazingly large. But they were far from being acquired wholly by colonization methods.

<sup>2</sup> Documents Relating to the Colonial History of the State of New York, 1: 89-100.

Many of the officers and directors of the Dutch West India Company were Amsterdam merchants. Active, scheming, self-important men, they were mighty in the money marts but were made use of, and looked down upon, by the old Dutch aristocracy. Having amassed fortunes, these merchants yearned to be the founders of great estates; to live as virtual princes in the midst of wide possessions, even if these were still comparative solitudes. This aspiration was mixed with the mercenary motive of themselves owning the land from whence came the furs, pelts, timber and the waters yielding the fishes.

One of these directors was Kiliaen van Rensselaer, an Amsterdam pearl merchant. In 1630 his agents bought for him from the Indians a tract of land twenty-four miles long and forty-eight broad on the west bank of the Hudson. It comprised, it was estimated, seven hundred thousand acres and included what are now the counties of Albany, Rensselaer, a part of Columbia County and a strip of what is at present Massachusetts. And what was the price paid for this vast estate? As the deeds showed, the munificent consideration of "certain quantities of duffels, axes, knives and wampum,"<sup>3</sup> which is equal to saying that the pearl merchant got it for almost nothing. Two other directors — Godyn and Bloemart — became owners of great feudal estates. One of these tracts, in what is now New Jersey, extended sixteen miles both in length and breadth, forming a square of sixty-four miles.<sup>4</sup>

<sup>3</sup> O'Callaghan, 1:124. Although it was said that Kiliaen van Rensselaer visited America, it seems to be established that he never did. He governed his estate as an absentee landgrave, through agents. He was the most powerful of all of the patroons.

<sup>4</sup> *Ibid.*, 125.

So it was that these shrewd directors now combined a double advantage. Their pride was satisfied with the absolute lordship of immense areas, while the ownership of land gave them the manifold benefits and greater profits of trading with the Indians at first hand. From a part of the proceeds they later built manors which were contemplated as wonderful and magnificent. Surrounded and served by their retainers, agents, vassal tenants and slaves, they lived in princely and licentious style, knowing no law in most matters except their unrestrained will. They beheld themselves as ingenious and memorable founders of a potential landed aristocracy whose possessions were more extended than that of Europe. Wilderness much of it still was, but obviously the time was coming when the population would be fairly abundant. The laws of entail and primogeniture, then in full force, would operate to keep the estates intact and gifted with inherent influence for generations.

Along with their landed estates, these directors had a copious inflowing revenue. The Dutch West India Company was in a thriving condition. By the year 1629 it had more than one hundred full-rigged ships in commission. Most of them were fitted out for war on the commerce of other countries or on pirates. Fifteen thousand seamen and soldiers were on its pay-roll; in that one year it used more than one hundred thousand pounds of powder — significant of the grim quality of business done. It had more than four hundred cannon and thousands of other destructive weapons.<sup>5</sup> Anything conducive to profit, no matter if indiscriminate murder, was accepted as legitimate and justifiable functions of trade, and was

<sup>5</sup> Colonial Documents, 1: 41. The primary object of this company was a monopoly of the Indian trade, not colonization. The "princely" manors were a combination fort and trading house, surrounded by moat and stockade.

imposed alike upon royalty, which shared in the proceeds, and upon the people at large. The energetic trading class, concentrated in the one effort of getting money, and having no scruples as to the means in an age when ideals were low and vulgar, had already begun to make public opinion in many countries, although this public opinion counted for little among submissive peoples. It was the king and the governing class, either or both, whose favor and declarations counted; and so long as these profited by the devious extortions and villainies of trade the methods were legitimatized, if not royally sanctified.

#### AN ARISTOCRACY SOLIDLY GROUNDED.

A more potentially robust aristocracy than that which was forming in New Netherlands could hardly be imagined. Resting upon gigantic gifts of land, with feudal accompaniments, it held a monopoly, or nearly one, of the land's resources. The old aristocracy of Holland grew jealous of the power and pretensions of what it frowned upon as an upstart trading clique and tried to curtail the rights and privileges of the patroons. These latter contended that their absolute lordship was indisputable; to put it in modern legal terminology that a contract could not be impaired. They elaborated upon the argument that they had spent a "ton of gold" (amounting to one hundred thousand guilders or forty thousand dollars) upon their colonies.<sup>6</sup> They not only carried their point but their power was confirmed and enlarged.

Now was seen the spectacle of the middle-class men of the Old World, the traders, more than imitating — far exceeding — the customs and pretensions of the aris-

<sup>6</sup> Colonial Documents, 1: 86.



tocracy of their own country which they had inveighed against, and setting themselves up as the original and mighty landed aristocracy of the new country. The patroons encased themselves in an environment of pomp and awe. Like so many petty monarchs each had his distinct flag and insignia; each fortified his domain with fortresses, armed with cannon and manned by his paid soldiery. The colonists were but humble dependants; they were his immediate subjects and were forced to take the oath of fealty and allegiance to him.<sup>7</sup>

In the old country the soil had long since passed into the hands of a powerful few and was made the chief basis for the economic and political enslavement of the people. To escape from this thralldom many of the immigrants had endured hardships and privation to get here. They expected that they could easily get land, the tillage of which would insure them a measure of independence. Upon arriving they found vast available parts of the country, especially the most desirable and accessible portions bordering shores or rivers, preempted. An exacting and tyrannous feudal government was in full control. Their only recourse in many instances was to accept the best of unwelcome conditions and become tenants of the great landed functionaries and workers for them.

#### THE ABASEMENT OF THE WORKERS.

The patroons naturally encouraged immigration. Apart from the additional values created by increased population, it meant a quantity of labor which, in turn,

<sup>7</sup> "Annals of Albany," iii:287. The power of the patroons over their tenants, or serfs, was almost unlimited. No "man or woman, son or daughter, man servant or maid servant" could leave a patroon's service during the time that they had agreed to remain, except by his written consent, no matter what abuses or breaches of contract were committed by the patroon.

would precipitate wages to the lowest possible scale. At the same time, in order to stifle every aspiring quality in the drudging laborer, and to keep in conformity with the spirit and custom of the age which considered the worker a mere menial undeserving of any rights, the whole force of the law was made use of to bring about sharp discriminations. The laborer was purposely abased to the utmost and he was made to feel in many ways his particular low place in the social organization.

Far above him, vested with enormous personal and legal powers, towered the patroon, while he, the laborer, did not have the ordinary burgher right, that of having a minor voice in public affairs. The burgher right was made entirely dependent upon property, which was a facile method of disfranchising the multitude of poor immigrants and of keeping them down. Purchase was the one and only means of getting this right. To keep it in as small and circumscribed class as possible the price was made abnormally high. It was enacted in New Netherlands in 1659, for instance, that immigrants coming with cargoes had to pay a thousand guilders for the burgher right.<sup>8</sup> As the average laborer got two shillings a day for his long hours of toil, often extending from sunrise to sunset, he had little chance of ever getting this sum together. The consequence was that the merchants became the burgher class; and all the records of the time seem to prove conclusively that the merchants were servile instruments of the patroons whose patronage and favor they assiduously courted. This deliberately pursued policy of degrading and despoiling the laboring class incited bitter hatreds and resentments, the effects of which were permanent.

<sup>8</sup> "Burghers and Freemen of New York": 29.



**JEREMIAS VAN RENSSELAER.**

One of the Patroons.

(From an Engraving.)

*Jeremias Van Rensselaer*



## CHAPTER II

### THE SWAY OF THE LANDGRAVES

While this seizure of land was going on in New Netherlands, vast areas in New England were passing suddenly into the hands of a few men. These areas sometimes comprised what are now entire States, and were often palpably obtained by fraud, collusion, trickery or favoritism. The Puritan influx into Massachusetts was an admixture of different occupations. Some were traders or merchants; others were mechanics. By far the largest portion were cultivators of the soil whom economic pressure not less than religious persecution had driven from England. To these land was a paramount consideration.

Describing how the English tiller had been expropriated from the soil Wallace says: "The ingenuity of lawyers and direct landlord legislation steadily increased the powers of great landowners and encroached upon the rights of the people, till at length the monstrous doctrine arose that a landless Englishman has no right whatever to enjoyment even of the unenclosed commons and heaths and the mountain and forest wastes of his native country, but is everywhere in the eye of the law a trespasser whenever he ventures off a public road or pathway."<sup>1</sup> By the sixteenth century the English peasantry had been evicted even from the commons, which were turned into sheep walks by the impoverished barons to make

<sup>1</sup> "Land Nationalization," : 122-125.

money from the Flemish wool market. The land at home wrenched from them, the poor English immigrants ardently expected that in America land would be plentiful. They were bitterly disappointed. The various English companies, chartered by royal command with all-inclusive powers, despite the frequent opposition of Parliament, held the trade and land of the greater part of the colonies as a rigid monopoly. In the case of the New England Company severe punishment was threatened to all who should encroach upon its rights. It also was freed from payment for twenty-one years and was relieved from taxes forever.

#### THE COLONIES CARVED INTO GREAT ESTATES.

The New England colonies were carved out into a few colossal private estates. The example of the British nobility was emulated; but the chartered companies did not have to resort to the adroit, disingenuous, subterranean methods which the English land magnates used in perpetuating their seizure, as so graphically described by S. W. Thackeray in his work, "The Land and the Community". The land in New England was taken over boldly and arbitrarily by the directors of the Plymouth Company, the most powerful of all the companies which exploited New England. The handful of men who participated in this division, sustained with a high hand their claims and pretensions, and augmented and fortified them by every device. Quite regardless of who the changing monarch was, or what country ruled, these colonial magnates generally contrived to keep the power strong in their own hands. There might be a superficial show of changed conditions, an apparent infusion of democracy, but, in reality, the substance remained the same.

This was nowhere more lucidly or strikingly illustrated than after New Netherlands passed into the control of the English and was renamed New York. Laws were decreed which seemed to bear the impress of justice and democracy. Monopoly was abolished, every man was given the much-prized right of trading in furs and pelts, and the burgher right was extended and its acquisition made easier.

However well-intentioned these altered laws were, they turned out to be shallow delusions. Under English rule, the gifts of vast estates in New York were even greater than under Dutch rule and beyond doubt were granted corruptly or by favoritism. Miles upon miles of land in New York which had not been preëmpted were brazenly given away by the royal Governor Fletcher for bribes; and it was suspected, although not clearly proved, that he trafficked in estates in Pennsylvania during the time when, by royal order, he supplanted William Penn in the government of that province. From the evidence which has come down it would appear that any one who offered Fletcher his price could be transformed into a great vested land owner. But still the people imagined that they had a real democratic government. Had not England established representative assemblies? These, with certain restrictions, alone had the power of law-making for the provinces. These representative bodies were supposed to rest upon the vote of the people, which vote, however, was determined by a strict property qualification.

#### THE LANDED PROPRIETORS THE POLITICAL RULERS.

What really happened was that, apparently deprived of direct feudal power, the landed interests had no difficulty in retaining their law-making ascendancy by get-

ting control of the various provincial assemblies. Bodies supposedly representative of the whole people were, in fact, composed of great landowners, of a quota of merchants who were subservient to the landowners, and a sprinkling of farmers. In Virginia this state was long-continuing, while in New York province it became such an intolerable abuse and resulted in such oppressions to the body of the people, that on Sept. 20, 1764, Lieutenant-Governor Cadwallader Colden, writing from New York to the Lords of Trade at London, strongly expostulated. He described how the land magnates had devised to set themselves up as the law-making class. Three of the large land grants contained provisions guaranteeing to each owner the privilege of sending a representative to the General Assembly. These landed proprietors, therefore, became hereditary legislators. "The owners of other great Patents," Colden continued, "being men of the greatest opulence in the several American counties where these Tracts are, have sufficient influence to be perpetually elected for those counties. The General Assembly, then, of this Province consists of the owners of these extravagant Grants, the merchants of New York, the principal of them strongly connected with the owners of these Great Tracts by Family interest, and of Common Farmers, which last are men easily deluded and led away with popular arguments of Liberty and Privileges. The Proprietors of the great tracts are not only freed from the quit rents which the other land-holders in the Provinces pay, but by their influences in the Assembly are freed from every other public Tax on their lands."<sup>2</sup>

What Colden wrote of the landed class of New York was substantially true of all the other provinces. The small, powerful clique of great land-owners had cunning-

<sup>2</sup> Colonial Documents, vii: 654-655.



ly taken over to themselves the functions of government and diverted them to their own ends. First the land was seized and then it was declared exempt of taxation.

Inevitably there was but one sequel. Everywhere, but especially so in New York and Virginia, the landed proprietors became richer and more arrogant, while poverty, even in new country with extraordinary resources, took root and continued to grow. The burden of taxation fell entirely upon the farming and laboring classes; although the merchants were nominally taxed they easily shifted their obligations upon those two classes by indirect means of trade. Usurious loans and mortgages became prevalent.

It was now seen what meaningless tinsel the unrestricted right to trade in furs was. To get the furs access to the land was necessary; and the land was monopolized. In the South, where tobacco and corn were the important staples, the worker was likewise denied the soil except as a laborer or tenant, and in Massachusetts colony, where fortunes were being made from timber, furs and fisheries, the poor man had practically no chance against the superior advantages of the landed and privileged class. These conditions led to severe reprisals. Several uprisings in New York, Bacon's rebellion in Virginia, after the restoration of Charles II, when that king granted large tracts of land belonging to the colony to his favorites, and subsequently, in 1734, a ferment in Georgia, even under the mild proprietary rule of the philanthropist Oglethorpe, were all really outbursts of popular discontent largely against the oppressive form in which land was held and against discriminative taxation, although each uprising had its local issues differing from those elsewhere.

In this conflict between landed class and people, the only hope of the mass of the people lay in getting the favorable attention of royal governors. At least one of these considered earnestly and conscientiously the grave existing abuses and responded to popular protest which had become bitter.

#### A CONFLICT BETWEEN LAND MAGNATES AND PEOPLE.

This official was the Earl of Bellomont. Scarcely had he arrived after his appointment as Captain-General and Governor of Massachusetts Bay, New York and other provinces, when he was made acquainted with the widespread discontent. The landed magnates had not only created an abysmal difference between themselves and the masses in possessions and privileges, but also in dress and air, founded upon strict distinctions in law. The landed aristocrat with his laces and ruffles, his silks and his gold and silver ornaments and his expensive tableware, his consciously superior air and tone of grandiose authority, was far removed in established position from the mechanic or the laborer with his coarse clothes and mean habitation. Laws were long in force in various provinces which prohibited the common people from wearing gold and silver lace, silks and ornaments. Bellomont noted the sense of deep injustice smouldering in the minds of the people and set out to confiscate the great estates, particularly, as he set forth, as many of them had been obtained by bribery.

It was with amazement that Bellomont learned that one man, Colonel Samuel Allen, claimed to own the whole of what is now the state of New Hampshire. When, in 1635, the Plymouth Colony was about to surrender its charter, its directors apportioned their territory to themselves individually. New Hampshire went by lot to

Captain John Mason who, some years before, had obtained a patent to the same area from the company. Charles I had confirmed the company's action. After Mason's death, his claims were bought up by Allen for about \$1,250. Mason, however, left an heir and protracted litigation followed. In the meantime, settlers taking advantage of these conflicting claims, proceeded to spread over New Hampshire and hew the forests for cleared agricultural land. Allen managed to get himself appointed governor of New Hampshire in 1692 and declared the whole province his personal property and threatened to oust the settlers as trespassers unless they came to terms. There was imminent danger of an uprising of the settlers, who failed to see why the land upon which they had spent labor did not belong to them. Bellomont investigated; and in communication, dated June 22, 1700, to the Lords of Trade, denounced Allen's title as defective and insufficient, and brought out the charge that Allen had tried to get his confirmation of his, Allen's, claims by means of a heavy bribe.

#### ATTEMPTED BRIBERY CHARGED.

"There was an offer made me," Bellomont wrote, "of £10,000 in money, but I thank God I had not the least tempting thought to accept of the offer and I hope nothing in this world will ever be able to attempt me to betray England in the least degree. This offer was made me three or four times." Bellomont added: "I will make it appear that the lands and woods claimed by Colonel Allen are much more valuable than ten of the biggest estates in England, and I will rate those ten estates at £300,000 a piece, one with another, which is three millions. By his own confession to me at Pescattaway last summer, he

valued the Quit Rents of his lands (as he calls 'em) at £22,000 per annum at 3d per acre of 6d in the pound of all improv'd Rents; then I leave your lordships to judge what an immense estate the improv'd rents must be, which (if his title be allowed) he has as good a right to the forementioned Quit Rents. And all this besides the Woods which I believe he might very well value at half the worth of the lands. There never was, I believe, since the world began so great a bargain as Allen has had of Mason, if it be allowed to stand good, that all this vast estate I have been naming should be purchased for a poor £250 and that a desperate debt, too, as Col. Allen thought. He pretends to a great part of this province as far Westward as Cape St. Ann, which is said to take in 17 of the best towns in this province next to Boston, the best improved land, and, (I think Col. Allen told me) 8 or 900,000 acres of their land. If Col. Allen shall at any time goe about to make a forcible entry on these lands he pretends to (for, to be sure, the people will never turn tenants to him willingly) the present occupants will resist him by any force he shall bring and the Province will be put to a combustion and what may be the course I dread to think." . . .<sup>3</sup>

But the persistent Allen did not establish his claim. Several times he lost in the litigation, the last time in 1715. His death was followed by his son's death; and after sixty years of fierce animosities and litigation, the whole contention was allowed to lapse. Says Lodge: "His heirs were minors who did not push the controversy, and the claim soon sank out of sight to the great relief of the New Hampshire people, whose right to their homes had so long been in question."<sup>4</sup>

<sup>3</sup> Colonial Documents, iv: 673-674.

<sup>4</sup> "A Short History of the English Colonies in America": 402.

Similarly, another area, the entirety of what is now the State of Maine, went to the individual ownership of Sir Fernandino Gorges, the same who had betrayed Essex to Queen Elizabeth and who had received rich rewards for his treachery.<sup>5</sup> The domain descended to his grandson, Fernando Gorges, who, on March 13, 1677, sold it by deed to John Usher, a Boston merchant, for £1,250. The ominous dissatisfaction of the New Hampshire and other settlers with the monopolization of land was not slighted by the English government; at the very time Usher bought Maine the government was on the point of doing the same thing and opening the land for settlement. Usher at once gave a deed of the province to the governor and company of Massachusetts, of which colony and later, State, it remained a part until its creation as a State in 1820.<sup>6</sup>

These were two notable instances of vast land grants which reverted to the people. In most of the colonies the popular outcry for free access to the land was not so effective. In Pennsylvania, after the government was restored to Penn, and in part of New Jersey conditions were more favorable to the settlers. In those colonies corrupt usurpations of the land were comparatively few, although the proprietary families continued to hold extensive tracts. Penn's sons by his second wife, for instance, became men of great wealth.<sup>7</sup> The pacific and

<sup>5</sup> Yet, this fortune seeker, who had incurred the contempt of every noble English mind, is described by one of the class of power-worshipping historians as follows: "Fame and wealth, so often the idols of *Superior Intellect*, were the prominent objects of this aspiring man."—Williamson's "History of Maine," 1: 305.

<sup>6</sup> The Public Domain: Its History, etc.: 38.

<sup>7</sup> Pennsylvania: Colony and Commonwealth: 66, 84, etc. Their claim to inherit proprietary rights was bought at the time of the Revolutionary War by the Commonwealth of Pennsylvania for £130,000 sterling or about \$580,000.

conciliatory Quaker faith operated as a check on any local extraordinary misuse of power. Unfortunately for historical accuracy and penetration, there is an obscurity as to the intimate circumstances under which many of the large private estates in the South were obtained. The general facts as to their grants, of course, are well known, but the same specific, underlying details, such as may be disinterred from Bellomont's correspondence, are lacking. In New York, at least, and presumably during Fletcher's sway of government in Pennsylvania, great land grants went for bribes. This is definitely brought out in Bellomont's official communications.

#### VAST ESTATES SECURED BY BRIBERY.

Fletcher, it would seem, had carried on a brisk traffic in creating by a stroke of the quill powerfully rich families by simply granting them domains in return for bribes.

Captain John R. N. Evans had been in command of the royal warship *Richmond*. An estate was his fervent ambition. Fletcher's mandate gave him a grant of land running forty miles one way, and thirty another, on the west bank of the Hudson. Beginning at the south line of the present town of New Paltry, Ulster County, it included the southern tier of the now existing towns in that picturesque county, two-thirds of the fertile undulations of Orange County and a part of the present town of Haverstraw. It is related of this area, that there was "but one house on it, or rather a hutt, where a poor man lives." Notwithstanding this lone, solitary subject, Evans saw great trading and seignorial possibilities in his tract. And what did he pay for this immense stretch

of territory? A very modest bribe; common report had it that he gave Fletcher £100 for the grant.<sup>8</sup>

Nicholas Bayard, of whom it is told that he was a handy go-between in arranging with the sea pirates the price that they should pay for Fletcher's protection, was another favored personage. Bayard was the recipient of a grant forty miles long and thirty broad on both sides of Schoharie Creek. Col. William Smith's prize was a grant from Fletcher of an estate fifty miles in length on Nassau — now Long Island. According to Bellomont, Smith got this land "arbitrarily and by strong hand." Smith was in collusion with Fletcher, and moreover, was chief justice of the province, "a place of great awe as well as authority." This judicial land wrester forced the town of Southampton to accept the insignificant sum of £10 for the greater part of forty miles of beach — a singularly profitable transaction for Smith, who cleared in one year £500, the proceeds of whales taken there, as he admitted to Bellomont.<sup>9</sup> Henry Beckman, the astute and smooth founder of a rich and powerful family, was made a magnate of the first importance by a grant from Fletcher of a tract sixteen miles in length in Dutchess County, and also of another estate running twenty miles along the Hudson and eight miles inland. This estate he valued at £5,000.<sup>10</sup> Likewise Peter Schuyler, Godfrey Delliis and their associates had conjointly secured by Fletcher's patent, a grant fifty miles long in the romantic Mohawk Valley — a grant which "the Mohawk Indians have often complained of." Upon this estate they placed a value of £25,000. This was a towering fortune for the period; in its actual command of labor, necessities, com-

<sup>8</sup> Colonial Documents, iv: 463.

<sup>9</sup> Ibid.: 535.

<sup>10</sup> Ibid.: 39.

forts and luxuries it ranked as a power of transcending importance.

These were some of the big estates created by "Colonel Fletcher's intolerable corrupt selling away the lands of this Province," as Bellomont termed it in his communication to the Lords of Trade of Nov. 28, 1700. Fletcher, it was set forth, profited richly by these corrupt grants. He got in bribes, it was charged, at least £4,000.<sup>11</sup> But Fletcher was not the only corrupt official. In his interesting work on the times,<sup>12</sup> George W. Schuyler presents what is an undoubtedly accurate description of how Robert Livingston, progenitor of a rich and potent family which for generations exercised a profound influence in politics and other public affairs, contrived to get together an estate which soon ranked as the second largest in New York state and as one of the greatest in the colonies.

Livingston was the younger son of a poor exiled clergyman. In currying favor with one official after another he was unscrupulous, dexterous and adaptable. He invariably changed his politics with the change of administration. In less than a year after his arrival he was appointed to an office which yielded him a good income. This office he held for nearly half a century, and simultaneously was the incumbent of other lucrative posts. Offices were created by Governor Dongan apparently for his sole benefit. His passion was to get together an estate which would equal the largest. Extremely penurious, he loaned money at frightfully usurious rates and

<sup>11</sup> Colonial Documents, iv: 528. One of Bellomont's chief complaints was that the landgraves monopolized the timber supply. He recommended the passage of a law vesting in the King the right to all trees such as were fit for masts of ships or for other use in building ships of war.

<sup>12</sup> "Colonial New York," i: 285-286.



hounded his victims without a vestige of sympathy.<sup>13</sup> As a trader and government contractor he made enormous profits; such was his cohesive collusion with high officials that competitors found it impossible to outdo him. A current saying of him was that he made a fortune by "pinching the bellies of the soldiers" — that is, as an army contractor who defrauded in quantity and quality of supplies. By a multitude of underhand and ignoble artifices he finally found himself the lord of a manor sixteen miles long and twenty-four broad. On this estate he built flour and saw mills, a bakery and a brewery. In his advanced old age he exhibited great piety but held on grimly to every shilling that he could and as long as he could. When he died about 1728 — the exact date is unknown — at the age of 74 years, he left an estate which was considered of such colossal value that its true value was concealed for fear of further enraging the discontented people.

#### EFFECTS OF THE LAND SEIZURES.

The seizure of these vast estates and the arbitrary exclusion of the many from the land produced a combustible situation. An instantaneous and distinct cleavage of class divisions was the result. Intrenched in their possessions the landed class looked down with haughty disdain upon the farming and laboring classes. On the other hand, the farm laborer with his sixteen hours work a day for a forty-cent wage, the carpenter straining for his fifty-two cents a day, the shoemaker

<sup>13</sup> According to Reynolds's "Albany Chronicles," Livingston was in collusion with Captain Kidd, the sea pirate. Reynolds also tells that Livingston loaned money at ten per cent.

drudging for his seventy-three cents a day and the blacksmith for his seventy cents,<sup>14</sup> thought over this injustice as they bent over their tasks. They could sweat through their lifetime at honest labor, producing something of value and yet be a constant prey to poverty while a few men, by means of bribes, had possessed themselves of estates worth tens of thousands of pounds and had preëmpted great stretches of the available lands.

In consulting extant historical works it is noticeable that they give but the merest shadowy glimpse of this intense bitterness of what were called the lower classes, and of the incessant struggle now raging, now smouldering, between the landed aristocracy and the common people. Contrary to the roseate descriptions often given of the independent position of the settlers at that time, it was a time when the use and misuse of law brought about sharp divisions of class lines which arose from artificially created inequalities, economically and politically. With the great landed estates came tenantry, wage slavery and chattel slavery, the one condition the natural generator of the others.

The rebellious tendency of the poor colonists against becoming tenants, and the usurpation of the land, were clearly brought out by Bellomont in a letter written on Nov. 28, 1700, to the Lords of Trade. He complained that "people are so cramped here for want of land that several families within my own knowledge and observation are remov'd to the new country (a name they give to Pennsylvania and the Jerseys) for, to use Mr. Graham's

<sup>14</sup> Wright's "Industrial Evolution in the United States"; see also his article "Wages" in Johnson's *Encyclopædia*. The New York Colonial Documents relate that in 1699 in the three provinces of Bellomont's jurisdiction, "the laboring man received three shillings a day, which was considered dear," iv: 588.

expression to me, and that often repeated, too, what man will be such a fool as to become a base tenant to Mr. Dellius, Colonel Schuyler, Mr. Livingston (and so he ran through the whole role of our mighty landgraves) when for crossing Hudson's River that man can, for a song, purchase a good freehold in the Jerseys."

If the immigrant happened to be able to muster a sufficient sum he could, indeed, become an independent agriculturist in New Jersey and in parts of Pennsylvania and provide himself with the tools of trade. But many immigrants landed with empty pockets and became laborers dependent upon the favor of the landed proprietors. As for the artisans—the carpenters, masons, tailors, blacksmiths—they either kept to the cities and towns where their trade principally lay, or bonded themselves to the lords of the manors.

#### ATTEMPT AT CONFISCATION THWARTED.

Bellomont fully understood the serious evils which had been injected into the body politic and strongly applied himself to the task of confiscating the great estates. One of his first proposals was to urge upon the Lords of Trade the restriction of all governors throughout the colonies from granting more than a thousand acres to any man without leave from the king, and putting a quit rent of half a crown on every hundred acres, this sum to go to the royal treasury. This suggestion was not acted upon. He next attacked the assembly of New York and called upon it to annul the great grants. In doing this he found that the most powerful members of the assembly were themselves the great land owners and were putting obstacle after obstacle in his path. After great exertions he finally prevailed upon the assembly to vacate at

least two of the grants, those to Evans and Bayard. The assembly did this probably as a sop to Beilomont and to public opinion, and because Evans and Bayard had lesser influence than the other landed functionaries. But the owners of the other estates tenaciously held them intact. The people regarded Bellomont as a sincere and ardent reformer, but the landed men and their following abused him as a meddler and destructionist. Despairing of getting a self-interested assembly to act, Bellomont appealed to the Lords of Trade:

"If your Lordships mean I shall go on to break the rest of the extravagant grants of land by Colonel Fletcher or other governors, by act of assembly, I shall stand in need of a peremptory order from the King so to do."<sup>15</sup> A month later he insisted to his superiors at home that if they intended that the corrupt and extravagant grants should be confiscated — " (which I will be bold to say by all the rules of reason and justice ought to be done) I believe it must be done by act of Parliament in England, for I am a little jealous I shall not have strength enough in the assembly of New York to break them." The majority of this body, he pointed out, were landed men, and when their own interest was touched, they declined to act contrary to it. Unless, added Bellomont, "the power of our Palatines, Smith, Livingston, the Phillips, father and son —"<sup>16</sup> and six or seven

<sup>15</sup> Colonial Documents, iv: 533-554.

<sup>16</sup> Frederick and his son Adolphus. Frederick was the employer of the pirate, Captain Samuel Burgess of New York, who at first was sent out by Phillips to Madagascar to trade with the pirates and who then turned pirate himself. From the first voyage Phillips and Burgess cleared together £5,000, the proceeds of trade and slaves. The second voyage yielded £10,000 and three hundred slaves. Burgess married a relative of Phillips and continued piracy, but was caught and imprisoned in Newgate. Phillips spent great sums of money to save him and

more were reduced. . . . the country is ruined.”<sup>17</sup>

Despite some occasional breaches in its intrenchments, the landocracy continued to rule everywhere with a high hand, its power, as a whole, unbroken.

#### HOW THE LORDS OF THE SOIL LIVED.

A glancing picture of one of these landed proprietors will show the manner in which they lived and what was then accounted their luxury. As one of the “foremost men of his day,” in the colonies Colonel Smith lived in befitting style. This stern, bushy-eyed man who robbed the community of a vast tract of land and who, as chief justice, was inflexibly severe in dealing punishment to petty criminals and ever vigilant in upholding the rights of property, was lord of the Manor of St. George, Suffolk County. The finest silks and lace covered his judicial person. His embroidered belts, costing £110, at once attested his great wealth and high station. He had the extraordinary number of one hundred and four silver buttons to adorn his clothing. When he walked a heavy silver-headed cane supported him, and he rode on a fancy velvet saddle. His three swords were of the finest make; occasionally he affected a Turkish scimeter. Few watches in the colonies could compare with his massive silver watch. His table was embellished with heavy

succeeded. Burgess resumed piracy and met death from poisoning in Africa while engaged in carrying off slaves.—“The Lives and Bloody Exploits of the Most Noted Pirates”: 177-183. This work was a serious study of the different sea pirates.

<sup>17</sup> Colonial Docs., iv: 533-534. On November 27, 1700, Bello-mont wrote to the Lords of the Treasury: “I can supply the King and all his dominions with naval stores (except flax and hemp) from this province and New Hampshire, but then your Lordships and the rest of the Ministers must break through Coll. Fletcher’s most corrupt grants of all the lands and woods

silver plate, valued at £150, on which his coat-of-arms was engraved. Twelve negro slaves responded to his nod; he had a large corps of bounded apprentices and dependant laborers. His mansion looked down on twenty acres of wheat and twenty of corn; and as for his horses and cattle they were the envy of the country. In his last year thirty horses were his, fourteen oxen, sixty steers, forty-eight cows and two bulls.<sup>18</sup> He lived high, drank, swore, cheated — and administered justice.

One of the best and most intimate descriptions of a somewhat contemporaneous landed magnate in the South is that given of Robert Carter, a Virginia planter, by Philip Vickers Fithian,<sup>19</sup> a tutor in Carter's family, Carter came to his estate from his grandfather, whose land and other possessions were looked upon as so extensive that he was called "King" Carter.

Robert Carter luxuriated in Nomini Hall, a great colonial mansion in Westmoreland County. It was built between 1725 and 1732 of brick covered with strong mortar, which imparted a perfectly white exterior, and was seventy-six feet long and forty wide. The interior was one of unusual splendor for the time, such as only the very rich could afford. There were eight large rooms, one of which was a ball-room thirty feet long. Carter spent most of his leisure hours cultivating the study of law and of music; his library contained 1,500 volumes and he had a varied assortment of musical instruments. He was the owner of 60,000 acres of land spread over almost every county of Virginia, and he was the master of six hundred negro slaves. The greater part of a prosperous iron-works near Baltimore was

of this province which I think is the most impudent villainy I ever heard or read of any man," iv: 780.

<sup>18</sup> This is the inventory given in "Abstracts of Wills," i: 323.

<sup>19</sup> "Journal and Letters," 1767-1774.

owned by him, and near his mansion he built a flour mill equipped to turn out 25,000 bushels of wheat a year. Carter was not only one of the big planters but one of the big capitalists of the age; all that he had to do was to exercise a general supervision; his overseers saw to the running of his various industries. Like the other large landholders he was one of the active governing class; as a member of the Provincial Council he had great influence in the making of laws. He was a thorough gentleman, we are told, and took good care of his slaves and of his white laborers who were grouped in workhouses and little cottages within range of his mansion. Within his domain he exercised a sort of benevolent despotism. He was one of the first few to see that chattel slavery could not compete in efficiency with white labor, and he reckoned that more money could be made from the white laborer, for whom no responsibility of shelter, clothing, food and attendance had to be assumed than from the negro slave, whose sickness, disability or death entailed direct financial loss. Before his death he emancipated a number of his slaves. This, in brief, is the rather flattering depiction of one of the conspicuously rich planters of the South.

#### THE NASCENT TRADING CLASS.

Land continued to be the chief source of the wealth of the rich until after the Revolution. The discriminative laws enacted by England had held down the progress of the trading class; these laws overthrown, the traders rose rapidly from a subordinate position to the supreme class in point of wealth.

No close research into pre-Revolutionary currents and movements is necessary to understand that the Revolu-

tion was brought about by the dissatisfied trading class as the only means of securing absolute freedom of trade. Notwithstanding the view often presented that it was an altruistic movement for the freedom of man, it was essentially an economic struggle fathered by the trading class and by a part of the landed interests. Admixed was a sincere aim to establish free political conditions. This, however, was not an aim for the benefit of all classes, but merely one for the better interests of the propertied class. The poverty-stricken soldiers who fought for their cause found after the war that the machinery of government was devised to shut out manhood suffrage and keep the power intact in the hands of the rich. Had it not been for radicals such as Jefferson, Paine and others it is doubtful whether such concessions as were made to the people would have been made. The long struggle in various States for manhood suffrage sufficiently attests the deliberate aim of the propertied interests to concentrate in their own hands, and in that of a following favorable to them, the voting power of the Government and of the States.

With the success of the Revolution, the trading class bounded to the first rank. Entail and primogeniture were abolished and the great estates gradually melted away. For more than a century and a half the landed interests had dominated the social and political arena. As an acknowledged, continuous organization they ceased to exist. Great estates no longer passed unimpaired from generation to generation, surviving as a distinct entity throughout all changes. They perforce were partitioned among all the children; and through the vicissitudes of subsequent years, passed bit by bit into many hands. Altered laws caused a gradual disintegration in the case of individual holdings, but brought no change in instances



of corporate ownership. The Trinity Corporation of New York City, for example, has held on to the vast estate which it was given before the Revolution except such parts as it voluntarily has sold.

#### DISINTEGRATION OF THE GREAT ESTATES.

The individual magnate, however, had no choice. He could no longer entail his estates. Thus, estates which were very large before the Revolution, and which were regarded with astonishment, ceased to exist. The landed interests, however, remained paramount for several decades after the Revolution by reason of the acceleration which long possession and its profits had given them. Washington's fortune, amounting at his death, to \$530,000, was one of the largest in the country and consisted mainly of land. He owned 9,744 acres, valued at \$10 an acre, on the Ohio River in Virginia, 3,075 acres, worth \$200,000, on the Great Kenawa, and also land elsewhere in Virginia and in Maryland, Pennsylvania, New York, Kentucky, the City of Washington and other places.<sup>20</sup> About half a century later it was only by persistent gatherings of public contributions that his very home was saved to the nation, so had his estate become divided and run down. After a long career, Benjamin Franklin acquired what was considered a large fortune. But it did not come from manufacture or invention, which he did so much to encourage, but from land. His estate in 1788, two years before his death, was estimated to be worth \$150,000, mostly in land.<sup>21</sup> By the opening decades of the nineteenth century few of the great estates in New York remained. One of the last of the patroons

<sup>20</sup> Sparks' "Life of Washington," Appendix, ix: 557-559.

<sup>21</sup> Bigelow's "Life of Franklin," iii: 470.

was Stephen Van Rensselaer, who died at the age of 75 on Jan. 26, 1839, leaving ten children. Up to this time the manor had devolved upon the eldest son. Although it had been diminished somewhat by various cessions, it was still of great extent. The property was divided among the ten children, and, according to Schuyler, "In less than fifty years after his death, the seven hundred thousand acres originally in the manor were in the hands of strangers." <sup>22</sup>

Long before old Van Rensselaer passed away he had seen the rise and growth of the trading and manufacturing class and a new form of landed aristocracy, and he observed with a haughty bitterness how in point of wealth and power they far overshadowed the well-nigh defunct old feudal aristocracy. A few hundred thousand dollars no longer was the summit of a great fortune; the age of the millionaire had come. The lordly, leisurely environment of the old landed class had been supplanted by feverish trading and industrial activity which imposed upon society its own newer standards, doctrines and ideals and made them uppermost factors.

<sup>22</sup> "Colonial New York," 1:232.

## CHAPTER III

### THE RISE OF THE TRADING CLASS

The creation of the great landed estates was accompanied by the slow development of the small trader and merchant. Necessarily, they first established themselves in the sea ports where business was concentrated.

Many obstacles long held them down to a narrow sphere. The great chartered companies monopolized the profitable resources. The land magnates exacted tribute for the slightest privilege granted. Drastic laws forbade competition with the companies, and the power of law and the severities of class government were severely felt by the merchants. The chartered corporations and the land dignitaries were often one group with an identity of men and interests. Against their strength and capital the petty trader or merchant could not prevail. Daring and enterprising though he be, he was forced to a certain compressed routine of business. He could sell the goods which the companies sold to him but could not undertake to set up manufacturing. And after the companies had passed away, the landed aristocracy used its power to suppress all undue initiative on his part.

### THE MANORIAL LORDS MONOPOLIZE TRADE.

This was especially so in New York, where all power was concentrated in the hands of a few landowners. "To say," says Sabine, "that the political institutions of New York formed a feudal aristocracy is to define

them with tolerable accuracy. The soil was owned by a few. The masses were mere retainers or tenants as in the monarchies of Europe."<sup>1</sup> The feudal lord was also the dominant manufacturer and trader. He forced his tenants to sign covenants that they should trade in nothing else than the produce of the manor; that they should trade nowhere else but at his store; that they should grind their flour at his mill, and buy bread at his bakery, lumber at his sawmills and liquor at his brewery. Thus he was not only able to squeeze the last penny from them by exorbitant prices, but it was in his power to keep them everlastingly in debt to him. He claimed, and held, a monopoly in his domain of whatever trade he could seize. These feudal tenures were established in law; woe to the tenant who presumed to infract them! He became a criminal and was punished as a felon. The petty merchant could not, and dared not, compete with the trading monopolies of the manorial lords within these feudal jurisdictions. In such a system the merchant's place for a century and a half was a minor one, although far above that of the drudging laborer. Merchants resorted to sharp and frequently dubious ways of getting money together. They bargained and sold shrewdly, kept their wits ever open, turned sycophant to the aristocracy and a fleecer of the laborer.

It would appear that in New York, at least, the practice of the most audacious usury was an early and favorite means of acquiring the property of others. These others were invariably the mechanic or laborer; the merchant dared not attempt to overreach the aristocrat whose power he had good reason to fear. Money which was taken in by selling rum and by wheedling the unsophisticated Indians into yielding up valuable furs, was loaned

<sup>1</sup> "Lives of the Loyalists," : 18.

at frightfully onerous rates. The loans unpaid, the lender swooped mercilessly upon the property of the unfortunate and gathered it in.

The richest merchant of his period in the province of New York was Cornelius Steenwyck, a liquor merchant, who died in 1686. He left a total estate of £4,382 and a long list of book debts which disclosed that almost every man in New York City owed money to him, partly for rum, in part for loans.<sup>2</sup> The same was true of Peter Jacob Marius, a rich merchant who died in 1706, leaving behind a host of debtors, "which included about all the male population on Manhattan Island."<sup>3</sup> This eminent counter-man was "buried like a gentleman." At his funeral large sums were spent for wine, cookies, pipes and tobacco, beer, spice for burnt wine and sugar—all according to approved and reverent Dutch fashion. The actual currency left by some of these rich men was a curious conglomeration of almost every stamp, showing the results of a mixed assemblage of customers. There were Spanish pistoles, guineas, Arabian coin, bank dollars, Dutch and French money—a motley assortment all carefully heaped together. Without doubt, those enterprising pirate captains, Kidd and Burgess, and their crews, were good customers of these accommodating and indiscriminating merchants. It was a time when money was triply valued, for little of it passed in circulation. To a people who traded largely by barter and whose media of exchange, for a long time, were wampum, peltries and other articles, the touch and clink of gold and silver were extremely precious and fascinating. Buccaneers Kidd and Burgess deserved the credit for introducing into New York much of the variegated gold and silver coin, and it

<sup>2</sup> "Abstracts of Wills," ii: 444-445.

<sup>3</sup> *Ibid.*, i: 323-324

was believed that they long had some of the leading merchants as their allies in disposing of their plundered goods, in giving them information and affording them protection.

#### THE TRADERS' METHODS.

By one means or another, some of the New York merchants of the period attained a standing in point of wealth equal to not a few of the land magnates. William Lawrence of Flushing, Long Island, was "a man of great wealth and social standing." Like the rest of his class he affected to despise the merchant class. After his death, an inventory showed his estate to be worth £4,032, mostly in land and in slaves, of which he left ten.<sup>4</sup> While the landed men often spent much of their time carousing, hunting, gambling, and dispersing their money, the merchants were hawk-eyed alert for every opportunity to gather in money. They wasted no time in frivolous pursuits, had no use for sentiment or scruples, saved money in infinitesimal ways and thought and dreamed of nothing but business.

Throughout the colonies, not excepting Pennsylvania, it was the general practice of the merchants and traders to take advantage of the Indians by cunning and treacherous methods. The agents of the chartered companies and the land owners first started the trick of getting the Indians drunk, and then obtaining, for almost nothing, the furs that they had gathered — for a couple of bottles of rum, a blanket or an axe. After the charters of the companies were annulled or expired, the landgraves kept up the practice, and the merchants improved on it in various ingenious ways. "The Indians," says Felt,<sup>5</sup>

<sup>4</sup> "Abstracts of Wills," 1: 108.

<sup>5</sup> "An Historical Account of Massachusetts Currency." See also Colonial Documents, iii: 242, and the Records of New Am-

“were ever ready to give up their furs for knives, hatchets, beads, blankets, and especially were anxious to obtain tobacco, guns, powder, shot and strong water; the latter being a powerful instrument enabling the cunning trader to perpetuate the grossest frauds. Immense quantities of furs were shipped to Europe at a great profit.”

This description appropriately applied also to New York, New Jersey, and the South. In New York there were severe laws against Indians who got drunk, and in Massachusetts colony an Indian found drunk was subject to a fine of ten shillings or whipping, at the discretion of the magistrate. As to the whites who, for purposes of gain, got the Indians drunk, the law was strangely inactive. Everyone knew that drink might incite the Indians to uprisings and imperil the lives of men, women and children. But the considerations of trade were stronger than even the instinct of self-preservation and the practice went on, not infrequently resulting in the butchery of innocent white victims and in great cost and suspense to the whole community.

Strict laws which pronounced penalties for profaneness and for not attending church, connived at the systematic defrauding and swindling of the Indians of land and furs. Two strong considerations were held to justify this. The first was that the Indians were heathen and must give way to civilization; that they were fair prey. The demands of trade, upon which the colonies flourished was the second. The fact was that the code of the trading class was everywhere gradually becoming the dominant one, even breaking down the austere, almost

sterdam. See the chapters on the Astor fortune in Part II for full details of the methods in debauching and swindling the Indians in trading operations.

ascetic, Puritan moral professions. Among the common people — those who were ordinary wage laborers — the methods of the rich were looked upon with suspicion and enmity, and there was a prevalent consciousness that wealth was being amassed by one-sided laws and fraud. Some of the noted sea pirates of the age made this their strong justification for preying upon commerce.<sup>6</sup>

In Virginia the life of the community depended upon agriculture; therefore slavery was thought to be its labor prop and was joyfully welcomed and earnestly defended. In Massachusetts and New York trading was an elemental factor, and whatever swelled the volume and profits was accounted a blessing to the community and was held justified. Laws, the judges who enforced them, and the spirit of the age reflected not so much the morality of the people as their trading necessities. The one was often mistaken for the other.

#### THE BONDING OF LABORERS.

This condition was shown repeatedly in the trade conflicts of the competing merchants, their system of bonded

<sup>6</sup> Thus Captain Bellamy's speech in 1717 to Captain Baer of Boston, whose sloop he had just sunk and rifled: "I am sorry that they [his crew] won't let you have your sloop again, for I scorn to do any one a mischief when it is not for my advantage; damn the sloop, we must sink her, and she might be of use to you. Though you are a sneaking puppy, and so are all those who will submit to be governed by laws which rich men have made for their own security — for the cowardly whelps have not the courage otherwise to defend what they get by their knavery. But damn ye altogether; damn them for a pack of crafty rascals, and ye who serve them, for a parcel of hen-hearted numbskulls. They villify us, the scoundrels do, when there is only this difference: they rob the poor under cover of law, forsooth, and we plunder the rich under protection of our own courage. Had you better not make one of us than sneak after these villains for employment." Baer refused and was put ashore.—"The Lives and Bloody Exploits of the Most Noted Pirates": 129-130.



laborers and in the long contests between the traders of the colonies and those of England, culminating in the Revolution. In the churches the colonists prayed to God as the Father of all men and showed great humility. But in actual practice the propertied men recognized no such thing as equality and dispensed with humility. The merchants imitated in a small way the seignorial pretensions of the land nabobs. Few merchants there were who did not deal in negro slaves, and few also were there who did not have a bonded laborer or two, whose labor they monopolized and whose career was their property for a long term of years. Limited bondage, called apprenticeship, was general.

Penniless boys, girls and adults were impressed by sheer necessity into service. Nicholas Auger, 10 years old, binds himself, in 1694, to Wessell Evertson, a cooper, for a term of nine years, and swears that "he will truly serve the commandments of his master Lawfull, shall do no hurt to his master, nor waste nor purloin his goods, nor lend them to anybody at Dice, or other unlawful game, shall not contract matrimony, nor frequent taverns, shall not absent himself from his master's service day or night." In return Evertson will teach Nicholas the trade of a cooper, give him "apparell, meat, drink and bedding" and at the expiration of the term will supply him with "two good suits of wearing apparell from head to foot." Cornelius Hendricks, a laborer, binds himself in 1695 as an apprentice and servant to John Molet for five years. Hendricks is to get £3 current silver money and two suits of apparell — one for holy days, the other for working days, and also board is to be provided. Elizabeth Morris, a spinster, in consideration of her transportation from England to New York on the barkentine, "Antegum," binds herself in 1696 as a servant to Captain

William Kidd for four years for board. When her term is over she is to get two dresses. These are a few specific instances of the bonding system—a system which served its purpose in being highly advantageous to the merchants and traders.

#### THE FISHERIES OF NEW ENGLAND.

Toward the close of the seventeenth century the merchants of Boston were the richest in the colonies. Trade there was the briskest. By 1687, according to the records of the Massachusetts Historical Society, there were ten to fifteen merchants in Boston whose aggregate property amounted to £50,000, or about £5,000 each, and five hundred persons who were worth £3,000 each. Some of these fortunes came from furs, timber and vending merchandise.

But the great stimuli were the fisheries of the New England coast. Bellomont in 1700 ascribed the superior trade of Massachusetts to the fact that Fletcher had corruptly sold the best lands in New York province and had thus brought on bad conditions. Had it not been for this, he wrote, New York “would outthrive the Massachusetts Province and quickly outdoe them in people and trade.” While the people of the South took to agriculture as a main support, and the merchants of New York were contented with the more comfortable method of taking in coin over counters, a large proportion of the 12,000 inhabitants of Boston and those of Salem and Plymouth braved dangers to drag the sea of its spoil. They developed hardy traits of character, a bold adventurousness and a singular independence of movement which in time engendered a bustling race of traders who navigated the world for trade.

It was from shipping that the noted fortunes of the early decades of the eighteenth century came. The origin of the means by which these fortunes were got together lay greatly in the fisheries. The emblem of the codfish in the Massachusetts State House is a survival of the days when the fisheries were the great and most prolific sources of wealth and the chief incentive of all kinds of trade. A tremendous energy was shown in the hazards of the business. So thoroughly were the fisheries recognized as important to the life of the whole New England community that vessels were often built by public subscription, as was instanced in Plymouth, where public subscription on one occasion defrayed the expense.<sup>7</sup>

In response to the general incessant demand for ships, the business of shipbuilding soon sprang up; presently there were nearly thirty ship yards in Boston alone and sixty ships a year were built. It was a lucrative industry. The price of a vessel was dear, while the wages of the carpenters, smiths, caulkers and sparmakers were low. Not a few of the merchants and traders or their sons who made their money by debauching and cheating the Indians went into this highly profitable business and became men of greater wealth. By 1700 Boston was shipping 50,000 quintals of dried codfish every year. The fish was divided into several kinds. The choice quality went to the Catholic countries, where there was a great demand for it, principally to Bilboa, Lisbon and Oporto. The refuse was shipped to the West India Islands for sale to the negro slaves and laborers. The price varied. In 1699 it was eighteen shillings a quintal; the next year, we read, it had fallen to twelve shillings

<sup>7</sup> "A Commercial Sketch of Boston," *Hunt's Merchant's Magazine*, 1839, 1: 125.

because the French fisheries had glutted the market abroad.<sup>8</sup>

"FORCE AS GOOD AS FORCE."

Along with the fisheries, considerable wealth was extracted in New England, as elsewhere in the colonies, from the shipment of timber. Sharp traders easily got the advantage of Indians and landowners in buying the privilege of cutting timber. In some cases, particularly in New Hampshire, which Allen claimed to own, the timber was simply taken without leave. The word was passed that force was as good as force, fraud as good as fraud. Allen had got the province by force and fraud; let him stop the timber cutters if he dare. Ship timber was eagerly sought in European ports. One Boston merchant is recorded as having taken a cargo of this timber to Lisbon and clearing a profit of £1,600 on an expenditure of £300. "Everybody is excited," wrote Bellomont on June 22, 1700, to the Lords Commissioners for Trades and Plantations. "Some of the merchants of Salem are now loading a ship with 12,000 feet of the noblest ships timber that was ever seen."<sup>9</sup>

The whale fishery sprang up about this time and brought in great profits. The original method was to sight the whale from a lookout on shore, push out in a boat, capture him and return to the shore with the carcass. The oil was extracted from the blubber and readily sold. As whales became scarce around the New England islands the whalers pushed off into the ocean in small vessels. Within fifty years at least sixty craft were engaged in the venture. By degrees larger and larger vessels were built until they began to double Cape Horn,

<sup>8</sup> Colonial Documents, iv: 790.

<sup>9</sup> Ibid., 678.

and were sometimes absent from a year and a half to three years. The labors of the cruise were often richly rewarded with a thousand barrels of sperm oil and two hundred and fifty barrels of whale oil.

#### BRITISH TRADERS' TACTICS.

By the middle of the seventeenth century the colonial merchants were in a position to establish manufactures to compete with the British. A seafaring race and a mercantile fleet had come into a militant existence; and ambitious designs were meditated of conquering a part of the import and export trade held by the British. The colonial shipowner, sending tobacco, corn, timber or fish to Europe did not see why he should not load his ship with commodities on the return trip and make a double profit. It was now that the British trading class peremptorily stepped in and used the power of government to suppress in its infancy a competition that alarmed them.

Heavy export duties were now declared on every colonial article which would interfere with the monopoly which the British trading class held, and aimed to hold, while the most exacting duties were put on non-British imports. Colonial factories were killed off by summary legislation. In 1699 Parliament enacted that no wool yarn or woollen manufactures of the American colonies should be exported to any place whatever. This was a destructive bit of legislation, as nearly every colonial rural family kept sheep and raised flax and were getting expert at the making of coarse linen and woollen cloths. No sooner had the colonists begun to make paper than that industry was likewise choked. With hats it was the same. The colonists had scarcely begun to export hats

to Spain, Portugal and the West Indies before the British Company of Hatters called upon the Government to put a stop to this colonial interference with their trade. An act was thereupon passed by Parliament forbidding the exportation of hats from any American colony, and the selling in one colony of hats made in another. Colonial iron mills began to blast; they were promptly declared a nuisance, and Parliament ordered that no mill or engine for slitting or rolling iron be used, but graciously allowed pig and bar iron to be imported from England into the colonies. Distilleries were common; molasses was extensively used in the making of rum and also by the fishermen; a heavy duty was put upon molasses and sugar as also on tea, nails, glass and paints. Smuggling became general; a narrative of the adroit devices resorted to would make an interesting tale.

These restrictive acts brought about various momentous results. They not only arrayed the whole trading class against Great Britain, and in turn the great body of the colonists, but they operated to keep down in size and latitude the private fortunes by limiting the ways in which the wealth of individuals could be employed. Much money was withdrawn from active business and invested in land and mortgages. Still, despite the crushing laws with which colonial capitalists had to contend, the fisheries were an incessant source of profit. By 1765 they employed 4,000 seamen and had 28,000 tons of shipping and did a business estimated at somewhat more than a million dollars.

## CHAPTER IV

### THE SHIPPING FORTUNES

Thus it was that at the time of the Revolution many of the consequential fortunes were those of shipowners and were principally concentrated in New England. Some of these dealt in merchandise only, while others made large sums of money by exporting fish, tobacco, corn, rice and timber and lading their ships on the return with negro slaves, for which they found a responsive market in the South. Many of the members of the Continental Congress were ship merchants, or inherited their fortunes from rich shippers, as, for instance, Samuel Adams, Robert Morris, Henry Laurens of Charleston, S. C., John Hancock, whose fortune of \$350,000 came from his uncle Thomas, Francis Lewis of New York and Joseph Hewes of North Carolina. Others were members of various Constitutional conventions or became high officials in the Federal or State governments. The Revolution disrupted and almost destroyed the colonial shipping, and trade remained stagnant.

#### FORTUNES FROM PRIVATEERING.

Not wholly so, for the hazardous venture of privateering offered great returns. George Cabot of Boston was the son of an opulent shipowner. During the Revolution, George, with his brother swept the coast with twenty privateers carrying from sixteen to twenty guns each. For four or five years their booty was rich and heavy,

but toward the end of the war, British gun-boats swooped on most of their craft and the brothers lost heavily. George subsequently became a United States Senator. Israel Thorndike, who began life as a cooper's apprentice and died in 1832 at the age of 75, leaving a fortune, "the greatest that has ever been left in New England,"<sup>1</sup> made large sums of money as part owner and commander of a privateer which made many successful cruises. With this money he went into fisheries, foreign commerce and real estate, and later into manufacturing establishments. One of the towering rich men of the day, we are told that "his investments in real estate, shipping or factories were wonderfully judicious and hundreds watched his movements, believing his pathway was safe." The fortune he bequeathed was ranked as immense. To each of his three sons he left about \$500,000 each, and other sums to another son, and to his widow and daughters. In all, the legacies to the surviving members of his family amounted to about \$1,800,000.<sup>2</sup>

Another "distinguished merchant," as he was styled, to take up privateering was Nathaniel Tracy, the son of a Newburyport merchant. College bred, as were most of the sons of rich merchants, he started out at the age of 25 with a number of privateers, and for many years returned flushed with prizes. To quote his appreciative biographer: "He lived in a most magnificent style, having several country seats or large farms with elegant summer houses and fine fish ponds, and all those matters of convenience or taste that a British nobleman might think necessary to his rank and happiness. His horses were of the choicest kind and his coaches of the most splendid make." But alas! this gorgeous career was ab-

<sup>1</sup> "Hunt's Merchant's Magazine," 11: 516-517.

<sup>2</sup> Allen's "Biographical Dictionary," Edition of 1857: 791.



ruptly dispelled when unfeeling British frigates and gun-boats hooked in his saucy privateers and Tracy stood quite ruined.

Much more fortunate was Joseph Peabody. As a young man Peabody enlisted as an officer on Derby's privateer "Bunker Hill." His second cruise was on Cabot's privateer "Pilgrim" which captured a richly cargoes British merchantman. Returning to shore he studied for an education, later resuming the privateer deck. Some of his exploits, as narrated by George Atkinson Ward in "Hunt's Lives of American Merchants," published in 1856, were thrilling enough to have found a deserved place in a gory novel. With the money made as his share of the various prizes, he bought a vessel which he commanded himself, and he personally made sundry voyages to Europe and the West Indies. By 1791 he had amassed a large fortune. There was no further need of his going to sea; he was now a great merchant and could pay others to take charge of his ships. These increased to such an extent that he built in Salem and owned eighty-three ships which he freighted and dispatched to every known part of the world. Seven thousand seamen were in his employ. His vessels were known in Calcutta, Canton, Sumatra, St. Petersburg and dozens of other ports. They came back with cargoes which were distributed by coasting vessels among the various American ports. It was with wonderment that his contemporaries spoke of his paying an aggregate of about \$200,000 in State, county and city taxes in Salem, where he lived.<sup>3</sup> He died on Jan. 5, 1844, aged 84 years.

Asa Clapp, who at his death in 1848, at the age of 85 years, was credited with being the richest man in Maine,<sup>4</sup>

<sup>3</sup> Hunt's "Lives of American Merchants": 382.

<sup>4</sup> Allen's "Biographical Dictionary," Edit. of 1857: 227.

began his career during the Revolution as an officer on a privateer. After the war he commanded various trading vessels, and in 1796 established a shipping business of his own, with headquarters at Portland. His vessels traded with Europe, the East and West Indies and South America. In his later years he went into banking. Of the size of his fortune we are left in ignorance.

#### A GLANCE AT OTHER SHIPPING FORTUNES.

These are instances of rich men whose original capital came from privateering, which was recognized as a legitimate method of reprisal. As to the inception of the fortunes of other prominent capitalists of the period, few details are extant in the cases of most of them. Of the antecedents and life of Thomas Russell, a Boston shipper, who died in 1796, "supposedly leaving the largest amount of property which up to that time had been accumulated in New England," little is known. The extent of his fortune cannot be learned. Russell was one of the first, after the Revolution, to engage in trade with Russia, and drove many a hard bargain. He built a stately mansion in Charleston and daily traveled to Boston in a coach drawn by four black horses. In business he was inflexible; trade considerations aside he was an alms-giver. Of Cyrus Butler, another shipowner and trader, who, according to one authority, was probably the richest man in New England<sup>5</sup> — and who, according to the statement of another publication<sup>6</sup> — left a fortune estimated at from three to four millions of dollars, few details likewise are known. He was the son of Samuel Butler, a shoemaker who removed from Edgartown, Mass., to

<sup>5</sup> Stryker's "American Register" for 1849: 241.

<sup>6</sup> "The American Almanac" for 1850: 324.

Providence about 1750 and became a merchant and shipowner. Cyrus followed in his steps. When this millionaire died at the age of 82 in 1849, the size of his fortune excited wonderment throughout New England. It may be here noted as a fact worthy of comment that of the group of hale rich shipowners there were few who did not live to be octogenarians.

The rapidity with which large fortunes were made was not a riddle. Labor was cheap and unorganized, and the profits of trade were enormous. According to Weeden the customary profits at the close of the eighteenth century on muslins and calicoes were one hundred per cent. Cargoes of coffee sometimes yielded three or four times that amount. Weeden instances one shipment of plain glass tumblers costing less than \$1,000 which sold for \$12,000 in the Isle of France.<sup>7</sup>

The prospects of a dazzling fortune, speedily reaped, instigated owners of capital to take the most perilous chances. Decayed ships, superficially patched up, were often sent out on the chance that luck and skill would get them through the voyage and yield fortunes. Crew after crew was sacrificed to this frenzied rush for money, but nothing was thought of it. Again, there were examples of almost incredible temerity. In his biography of Peter Charndon Brooks, one of the principal merchants of the day, and his father-in-law, Edward Everett tells of a ship sailing from Calcutta to Boston with a youth of nineteen in command. Why or how this boy was placed in charge is not explained. This juvenile captain had nothing in the way of a chart on board except a small map of the world in Guthrie's Geography. He made the trip successfully. Later, when he became a rich Boston banker, the tale of this feat was one of the

<sup>7</sup> "An Economic and Social History of New England," 11:825.

proud annals of his life and, if true, deservedly so.<sup>8</sup>

Whitney's notable invention of the cotton gin in 1793 had given a stupendous impetus to cotton growing in the Southern States. As the shipowners were chiefly centered in New England the export of this staple vastly increased their trade and fortunes. It might be thought, parenthetically, that Whitney himself should have made a surpassing fortune from an invention which brought millions of dollars to planters and traders. But his inventive ability and perseverance, at least in his creation of the cotton gin, brought him little more than a multitude of infringements upon his patent, refusals to pay him, and vexatious and expensive litigation to sustain his rights.<sup>9</sup> In despair, he turned, in 1808, to the manufacture in New Haven of fire-arms for the Government, and from this business managed to get a fortune. From the Canton and Calcutta trade Thomas Handasyd Perkins, a Boston shipper extracted a fortune of \$2,000,000. His ships made thirty voyages around the world. This merchant peer lived to the venerable age of 90; when he passed away in 1854 his fortune, although intact, had shrunk to modest proportions compared with a few others which had sprung up. James Lloyd, a partner of Perkins', likewise profited; in 1808 he was elected a United States Senator and later reelected.

William Gray, described as "one of the most successful of American merchants," and as one who was considered and taxed in Salem "as one of the wealthiest men in the place, where there were several of the largest fortunes that could be found in the United States," owned, in his heyday, more than sixty sail of vessels. Some scant details are obtainable as to the career and

<sup>8</sup> Hunt's "Lives of American Merchants": 139.

<sup>9</sup> Life of Eli Whitney, "Our Great Benefactors": 567.

personality of this moneyed colossus of his day. He began as an apprenticed mechanic. For more than fifty years he rose at dawn and was shaved and dressed. His letters and papers were then spread before him and the day's business was begun. At his death in 1825 no inventory of his estate was taken. The present millions of the Brown fortune of Rhode Island came largely from the trading activities of Nicholas Brown and the accretions of which increased population and values have brought. Nicholas Brown was born in Providence in 1760, of a well-to-do father. He went to Rhode Island College (later named in his honor by reason of his gifts) and greatly increased his fortune in the shipping trade.

It is quite needless, however, to give further instances in support of the statement that nearly all the large active fortunes of the latter part of the eighteenth and the early period of the nineteenth century, came from the shipping trade and were mainly concentrated in New England. The proceeds of these fortunes frequently were put into factories, canals, turnpikes and later into railroads, telegraph lines and express companies. Seldom, however, has the money thus employed really gone to the descendants of the men who amassed it, but has since passed over to men who, by superior cunning, have contrived to get the wealth into their own hands. This statement is an anticipation of facts that will be more cognate in subsequent chapters, but may be appropriately referred to here. There were some exceptions to the general condition of the large fortunes from shipping being compactly held in New England. Thomas Pym Cope, a Philadelphia Quaker, did a brisk shipping trade, and founded the first regular line of packets between Philadelphia and Baltimore; with the money thus made he went into canal and railroad enterprises. And

in New York and other ports there were a number of shippers who made fortunes of several millions each.

#### THE WORKERS' MEAGER SHARE.

Obviously these millionaires created nothing except the enterprise of distributing products made by the toil and skill of millions of workers the world over. But while the workers made these products their sole share was meager wages, barely sufficient to sustain the ordinary demands of life. Moreover, the workers of one country were compelled to pay exorbitant prices for the goods turned out by the workers of other countries. The shippers who stood as middlemen between the workers of the different countries reaped the great rewards. Nevertheless, it should not be overlooked that the shippers played their distinct and useful part in their time and age, the spirit of which was intensely ultra-competitive and individualistic in the most sordid sense.

## CHAPTER V

### THE SHIPPERS AND THEIR TIMES

Unfortunately only the most general and eulogistic accounts of the careers of most of the rich shippers have appeared in such biographies as have been published.

Scarcely any details are preserved of the underlying methods and circumstances by which these fortunes were amassed. Sixty years ago, when it was the unqualified fashion to extol the men of wealth as great public benefactors and truckle to them, and when sociological inquiry was in an undeveloped stage, there might have been some excuse for this. But it is extremely unsatisfactory to find pretentious writers of the present day glossing over essential facts or not taking the trouble to get them. A "popular writer," who has pretended to deal with the origin of one of the great present fortunes, the Astor fortune, and has given facts, although conventionally interpreted, as to one or two of Astor's land transactions,<sup>1</sup> passes over with a sentence the fundamental facts as to Astor's shipping activities, and entirely ignores the peculiar special privileges, worth millions of dollars, that Astor, in conjunction with other merchants, had as a free gift from the Government. This omission is characteristic, inasmuch as it leaves the reader in complete ignorance of the kind of methods Astor used in heaping up millions from the shipping trade—millions that enabled him to embark in the buying of land in a large and ambitious way. Certainly there is no lack of data regarding the

<sup>1</sup> "The Astor Fortune," McClure's Magazine, April, 1905.

two foremost millionaires of the first decades of the nineteenth century — Stephen Girard and John Jacob Astor. The very names of nearly all of the other powerful merchants of the age have receded into the densest obscurity. But both those of Girard and Astor live vivifyingly, the first by virtue of a memorable benefaction, the second as the founder of one of the greatest fortunes in the world.

#### COMMERCE SURCHARGED WITH FRAUD.

Because of their unexcelled success, these two were the targets for the bitter invective or the envy of their competitors on the one hand, and, on the other, of the laudation of their friends and beneficiaries. Harsh statements were made as to the methods of both, but, in reality, if we but knew the truth, they were no worse than the other millionaires of the time except in degree. The whole trading system was founded upon a combination of superior executive ability and superior cunning — not ability in creating, but in being able to get hold of, and distribute, the products of others' creation.

Fraudulent substitution was an active factor in many, if not all, of the shipping fortunes. The shippers and merchants practiced the grossest frauds upon the unsophisticated people. Walter Barrett, that pseudonymic merchant, who took part in them himself, and who writes glibly of them as fine tricks of trade, gives many instances in his volumes dealing with the merchants of that time.

The firm of F. & G. Carnes, he relates, was one of the many which made a large fortune in the China trade. This firm found that Chinese yellow-dog wood, when cut into proper sizes, bore a strong superficial resemblance to real Turkey rhubarb. The Carnes brothers proceeded to have the wood packed in China in boxes counterfeiting



those of the Turkey product. They then made a regular traffic importing this spurious and deleterious stuff and selling it as the genuine Turkey article at several times the cost. It entirely superseded the real product. This firm also sent to China samples of Italian, French and English silks; the Chinese imitated them closely, and the bogus wares were imported into the United States where they were sold as the genuine European goods. The Carneses were but a type of their class. Writing of the trade carried on by the shipping class, Barrett says that the shippers sent to China samples of the most noted Paris and London products in sauces, condiments, preserves, sweetmeats, syrups and other goods. The Chinese imitated them even to fac-similies of printed Paris and London labels. The fraudulent substitutions were then brought in cargoes to the United States where they were sold at fancy prices.

#### MERCHANTS THE PILLARS OF SOCIETY.

This was the prevalent commercial system. The most infamous frauds were carried on; and so dominant were the traders' standards that these frauds passed as legitimate business methods. The very men who profited by them were the mainstays of churches, and not only that, but they were the very same men who formed the various self-constituted committees which demanded severe laws against paupers and petty criminals. A study of the names of the men, for instance, who comprised the New York Society for the Prevention of Pauperism, 1818-1823, shows that nearly all of them were shippers or merchants who participated in the current commercial frauds. Yet this was the class that sat in judgment upon the poverty of the people and the acts of poor criminals

and which dictated laws to legislatures and to Congress.

Girard and Astor were the superfine products of this system; they did in a greater way what others did in a lesser way. As a consequence, their careers were fairly well illumined. The envious attacks of their competitors ascribed their success to hard-hearted and ignoble qualities, while their admirers heaped upon them tributes of praise for their extraordinary genius. Both sets exaggerated. Their success in garnering millions was merely an abnormal manifestation of an ambition prevalent among the trading class. Their methods were an adroit refinement of methods which were common. The game was one in which, while fortunes were being amassed, masses of people were thrown into the direst poverty and their lives were attended by injustice and suffering. In this game a large company of eminent merchants played; Girard and Astor were peers in the playing and got away with the greater share of the stakes.

#### POST-REVOLUTIONARY CONDITIONS.

Before describing Girard's career, it is well to cast a retrospective fleeting glance into conditions following the Revolution.

Despite the lofty sentiments of the Declaration of Independence — sentiments which were submerged by the propertied class when the cause was won — the gravity of law bore wholly in favor of the propertied interests. The propertyless had no place or recognition. The common man was good enough to shoulder a musket in the stress of war but that he should have rights after the war, was deemed absurd. In the whole scheme of government neither the feelings nor the interests of the worker were thought of.

The Revolution brought no immediate betterment to his conditions; such slight amelioration as came later was the result of years of agitation. No sooner was the Revolution over than it stepped the propertied interests and assumed control of government functions. They were intelligent enough to know the value of class government — a lesson learned from the tactics of the British trading class. They knew the tremendous impact of law and how, directly and indirectly, it worked great transformations in the body social. While the worker was unorganized, unconscious of what his interests demanded, deluded by slogans and rallying-cries which really meant nothing to him, the propertied class was alert in its own interests.

#### PROPERTY'S RULE INTRENCHED.

It proceeded to intrench itself in political as well as in financial power. The Constitution of the United States was so drafted as to take as much direct power from the people as the landed and trading interests dared. Most of the State Constitutions were more pronounced in rigid property discriminations. In Massachusetts, no man could be governor unless he were a Christian worth a clear £1,000; in North Carolina if he failed of owning the required £1,000 in freehold estate; nor in Georgia if he did not own five hundred acres of land and £4,000, nor in New Hampshire if he lacked owning £500 in property. In South Carolina he had to own £1,500 in property clear of all debts. In New York by the Constitution of 1777, only actual residents having freeholds to the value of £100 free of all debts, could vote for governor and other State officials. The laws were so arranged as effectually to disfranchise those who had no property. In his "Reminiscences" Dr. John W. Francis tells of the

prevalence for years in New York of a supercilious class which habitually sneered at the demand for political equality of the leather-breeched mechanic with his few shillings a day.

Theoretically, religious standards were the prevailing ones; in actuality the ethics and methods of the propertied class were all powerful. The Church might preach equality, humility and the list of virtues; but nevertheless that did not give the propertyless man a vote. Thus it was, that in communities professing the strongest religious convictions and embodying them in Constitutions and in laws and customs, glaring inconsistencies ran side by side. The explanation lay in the fact that as regarded essential things of property, the standards of the trading class had supplanted the religious. Even the very admonition given by pastors to the poor, "Be content with your lot," was a preachment entirely in harmony with the aims of the trading class which, in order to make money, necessarily had to have a multitude of workers to work for it and from whose labor the money, in its finality, had to come. In the very same breath that they advised the poverty-stricken to reverence their superiors and to expect their reward in heaven, the ministers glorified the aggrandizing merchants as God's chosen men who were called upon to do His work.<sup>2</sup>

Since the laws favored the propertied interests, it was correspondingly easy for them to get direct control of government functions and personally exercise them. In New England rich shipowners rose at once to powerful

<sup>2</sup> Innumerable were the sermons and addresses poured forth, all to the same end. To cite one: The Rev. Daniel Sharp of the Third Baptist Meeting House, Boston, delivered a sermon in 1828 on "The Tendency of Evil Speaking Against Rulers." It was considered so powerful an argument in favor of obedience that it was printed in pamphlet form (Beals, Homer & Co., Printers), and was widely distributed to press and public.

elective and appointive officers. Likewise in New York rich landowners, and in the South, plantation men were selected for high offices. Law-making bodies, from Congress down, were filled with merchants, landowners, plantation men and lawyers, which last class was trained, as a rule, by association and self-interest to take the views of the propertied class and vote with, and for, it. A puissant politico-commercial aristocracy developed which, at all times, was perfectly conscious of its best interests. The worker was regaled with flattering commendations of the dignity of labor and sonorous generalizations and promises, but the ruling class took care of the laws.

By means of these partial laws, the propertied interests early began to get tremendously valuable special privileges. Banking rights, canal construction, trade privileges, government favors, public franchises all came in succession.

#### THE RIGORS OF LAW ON THE POOR.

At the same time that laws were enacted or were twisted to suit the will of property, other laws were long in force oppressing the poor to a terrifying degree.

Poor debtors could be thrown in jail indefinitely, no matter how small a sum they owed. In law, the laborer was accorded few rights. It was easy to defraud him of his meager wages, since he had no lien upon the products of his labor. His labor power was all that he had to sell, and the value of this power was not safeguarded by law. But the products created by his labor power in the form of property were fortified by the severest laws. For the laborer to be in debt was equal to a crime, in fact, in its results, worse than a crime. The burglar or pickpocket would get a certain sentence and then go free. The poor

debtor, however, was compelled to languish in jail at the will of his creditor.

The report of the Prison Discipline Society for 1829 estimated that fully 75,000 persons were annually imprisoned for debt in the United States and that more than one-half of these owed less than twenty dollars.<sup>3</sup> And such were the appalling conditions of these debtors' prisons that there was no distinction of sex, age or character; all of the unfortunates were indiscriminately herded together. Sometimes, even in the inclement climate of the North, the jails were so poorly constructed, that there was insufficient shelter from the elements. In the newspapers of the period advertisements may be read in which charitable societies or individuals appeal for food, fuel and clothing for the inmates of these prisons. The thief and the murderer had a much more comfortable time of it in prison than the poor debtor.

#### LAW KIND TO THE TRADERS.

With the law-making mercantile class the situation was very different. The state and national bankruptcy acts, as apply to merchants, bankers, storekeepers — the whole commercial class — were so loosely drafted and so laxly enforced and judicially interpreted, that it was not hard to defraud creditors and escape with the proceeds. A propertied bankrupt could conceal his assets and hire adroit lawyers to get him off scot-free on quibbling tech-

<sup>3</sup> Various writers assert that twenty dollars was the average minimum. In many places, however, the great majority of debts were for less than ten dollars. Thus, for the year ending November 26, 1831, nearly one thousand citizens had been imprisoned for debt in Baltimore. Of this number more than half owed less than ten dollars, and of the whole number, only thirty-four individually had debts exceeding one hundred dollars.—Reports of Committees, First Session, Twenty-fourth Congress, Vol. II, Report No. 732:3.

nicalities — a condition which has survived to the present time, though in a lesser degree.<sup>4</sup>

But imprisonment for debt was not the only fate that befell the propertyless. According to the "Annual Report of the Managers of the Society for the Prevention of Pauperism in New York City," there were 12,000 paupers in New York City in 1820.<sup>5</sup> Many of these were destitute Irish who, after having been plundered and dispossessed by the absentee landlords and the capitalists of their own country, were induced to pay their last farthing to the shippers for passage to America. There were laws providing that ship masters must report to the Mayors of cities and give a bond that the destitutes that they brought over should not become public charges. These laws were systematically and successfully evaded; poor immigrants were dumped unceremoniously at obscure places along the coast from whence they had to make their way, carrying their baggage and beds, to the cities the best that they could. Cadwallader D. Colden, mayor of New York for some years, tells, in his reports, of harrowing cases of death after death resulting from

<sup>4</sup>In his series of published articles, "The History of the Prosecution of Bankrupt Frauds," the author has brought out comprehensive facts on this point.

<sup>5</sup>The eminent merchants who sat on this committee had their own conclusive opinion of what produced poverty. In commenting on the growth of paupers they ascribed pauperism to seven sources. (1) Ignorance, (2) Intemperance, (3) Pawnbrokers, (4) Lotteries, (5) Charitable Institutions, (6) Houses of Ill-Fame, (7) Gambling.

No documents more wonderfully illustrate the bourgeois type of temperament and reasoning than their reports. The people of the city were ignorant because 15,000 of the 25,000 families did not attend church. Pawnbrokers were an incentive to theft, cunning and lack of honest industry, etc., etc. Thus their explanations ran. In referring to mechanics and paupers, the committee described them as "the middling and inferior classes." Is it any wonder that the working class justly views "charitable" societies, and the spirit behind them with intense suspicion and deep execration?

exposure due to this horrible form of exploitation.

Now when the immigrant or native found himself in a state of near, or complete, destitution and resorted to the pawnbrokers's or to theft, what happened? The law restricted pawnbrokers from charging more than seven per cent on amounts more than \$25, but on amounts below that they were allowed to charge twenty-five per cent, which, as the wage value of money then went, was oppressively high. Of course, the poor with their cheap possessions seldom owned anything on which they could get more than \$25; consequently they were the victims of the most grinding legalized usury. Occasionally some legislative committee recognized, although in a dim and unanalytic way, this onerous discrimination of law against the propertyless. "Their [the pawnbrokers'] rates of interest," an Aldermanic committee reported in 1832, "have always been exorbitant and exceedingly oppressive. It has from time to time been regulated by law, and its sanctions have (as is usual upon most occasions when oppression has been legalized) been made to fall most heavily upon the poor." The committee continued with the following comments which were naïve in the extreme considering that for generations all law had been made by and for the propertied interests: "It is a singular fact that the smallest sums advanced have always been chargeable with the highest rates of interest. . . . It is a fact worthy of consideration that by far the greater number of loans effected at these establishments are less than one dollar, and of the whole twelve-fifteenths are in sums less than one dollar and a half."<sup>6</sup>

On the other hand, the propertied class not only was able to raise money at a fairly low rate of interest, but, as

<sup>6</sup> Documents of the Board of Assistant Aldermen of New York City, 1831-32, Doc. No. 45: 1.



will appear, had the free use of the people's money, through the power of government, to the extent of tens of millions of dollars.

#### THE PENALTIES OF POVERTY.

If a man were absolutely destitute and took to theft as the only means of warding off starvation for himself or his family, the whole force of law at once descended heavily upon him. In New York State the law decreed it grand larceny to steal to the value of \$25, and in other States the statutes were equally severe. For stealing \$25 worth of anything the penalty was three years in prison at hard labor. The unfortunate was usually put in the convict chain-gang and forced to work along the roads. Street-begging was prohibited by drastic laws; poverty was substantially a crime. The moment a propertyless person stole, the assumption at once was that he was *prima facie* a criminal; but let the powerful propertied man steal and government at once refused to see the criminal *intent*; if he were prosecuted, the usual outcome was that he never went to jail. Hundreds of specific instances could be given to prove this. One of the most noted of these was that of Samuel Swartwout, who was Collector of the Port of New York for a considerable period and who, at the same time, was a financier and large land-speculation promoter. It came out in 1838 that he had stolen the enormous sum of \$1,222,705.-69 from the Government,<sup>7</sup> which money he had used in his schemes. He was a fugitive from justice for a time, but upon his return was looked upon extenuatingly as the "victim of circumstances" and he never languished in jail.

<sup>7</sup> House Executive Document, No. 13, Twenty-fifth Congress, Third Session; also, House Report, No. 313.

Money was the standard of everything. The propertied person could commit any kind of crime, short of murder, and could at once get free on bail. But what happened to the accused who was poor? Here is a contemporaneous description of one of the prisons of the period:

"In Bridewell, white females of every grade of character, from the innocent who is in the end acquitted, down to the basest wretch that ever disgraced the refuges of prostitution, are crowded into the same abandoned abode. With the white male prisons, the case is little altered. . . . And so it is with the colored prisoners of both sexes. Hundreds are taken up and sent to these places, who, after remaining frequently several weeks, are found to be innocent of the crime alleged and are then let loose upon the community."<sup>8</sup>

"Let loose upon the community." Does not this clause in itself convey volumes of significance of the attitude of the propertied interests, even when banded together in a pseudo "charitable" enterprise, toward the poverty-stricken? While thus the charitable societies were holding up the destitute to scorn and contumely as outcasts and were loftily lecturing down to the poor on the evils of intemperance and gambling — practices which were astoundingly prevalent among the rich — at no time did they make any attempt to alter laws so glaringly unjust that they practically made poverty a distinct crime, subject to long terms of imprisonment.

For instance, if a rich man were assaulted and made a complaint, all that he had to do was to give bail to insure his appearance as a witness. But if a poor man or woman were cheated or assaulted and could not give bail to insure his or her appearance at the trial as a complaining witness, the law compelled the authorities to lock up that

<sup>8</sup> Report for 1821 of the "Society for the Prevention of Pauperism."

man or woman in prison. In the debates in the New York Constitutional Convention of 1846, numerous cases were cited of this continuing barbarity in New York, Maryland, Pennsylvania and other states. In Maryland a young woman was assaulted and preferred criminal charges. As she could not give bail she was locked up for eighteen months as a detained witness. This was but one instance in thousands of similar cases.

#### MASTER AND BONDED MAN.

For an apprenticed laborer to quit his master and job was a crime in law; once caught he was forthwith bundled off to jail, there to await the dispensation of his master. No matter how cruelly his master ill-treated him, however dissatisfied he was, the apprenticed laborer in law had no rights. Almost every day the newspapers of the eighteenth, and the early part of the nineteenth, century contained offers of rewards for the apprehension of fugitive apprentice laborers; from a survey of the Pennsylvania, New York, Massachusetts and other colonial and state newspapers it is clear that thousands of these apprentices had to resort to flight to escape their bondage. This is a specimen advertisement:

#### TWENTY DOLLARS REWARD.

RAN away from the subscriber, an Apprentice Boy, named William Rustes, about 18 years and 3 months old, by trade a house carpenter, of a dark complexion, dark eye brows, black eyes and black hair, about 5 feet, 8 inches high, his dress unknown as he took with him different kinds of clothes. The above reward will be paid to any person that will secure him in gaol or return him to his master.

GEORGE LORD,  
No. 12 First Street.<sup>9</sup>

<sup>9</sup> "New York Gazette and General Advertiser," Aug. 5, 1797.

In contradistinction to the scorpion-like laws which worked such injustice to the poor and which made a mockery of doctrines of equality before the law, the propertied interests endowed themselves, by their control of government, with invaluable exemptions and peculiarly profitable special privileges.

Even where, in civil cases, all men, theoretically, had an equal chance in courts of equity, litigation was made so expensive, whether purposely or not, that justice was really a one-sided pastime, in which the rich man could easily wear out the poor contestant. This, however, is not the place for a dissertation on that most remarkable of noteworthy sorcerer's arts, the making of justice an expensive luxury, while still deluding the people with the notion that the law knows no preferences. The preferences which are more to the point at present are those in which government force is used to enrich the already rich and impoverish the impoverished still further. At the very time that property was bitterly resisting enlightened pleas for the abolition of imprisonment for debt, for the enactment of a mechanic's lien law, and for the extension of the suffrage franchise it was using the public money of the whole people for its personal and private enterprises. In works dealing with those times it is not often that we get penetration into the underlying methods of the trading class. But a lucid insight is inadvertently given by Walter Barrett (who, for sixty years, was in the mercantile trade), in his smug and conventional, but

The rewards offered for the apprehension of fugitive apprentices varied. An advertisement in the same newspaper, issue of July 3, 1797, held out an offer of five dollars reward for an indented German boy who had "absconded." The fear was expressed that he would attempt to board some ship, and all persons were notified not to harbor or conceal him as they would be "proceeded against as the law directs." That old apprentice law has never been repealed in New York State.

quaintly entertaining, volumes, "The Merchants of Old New York." This strong instance shows like a flash-light that while the success of the shippers was attributed to a fine category of energetic qualities, the benevolent assistance of the United States Government was, in a large measure, responsible for part of their accumulations.

#### THE SHIPPERS' HUGE GRAFT.

The Griswolds of New York owned the ship, "Panama." She carried spelter, lead, iron and other products to China and returned with tea, false cinnamon and various other Chinese goods. The duty on these was extremely high. But the Government was far more lenient to the trading class than the trader was to the poor debtor. It generously extended credit for nine, twelve and eighteen months before it demanded the payment of the tariff duties. What happened under this system? As soon as the ship arrived, the cargo was sold at a profit of fifty per cent. The Griswolds, for example, would pocket their profits and instead of using their own capital in further ventures, they would have the gratuitous use of Government money, that is to say, the people's money, for periods of from six months to a year and a half. Thus the endless chain was kept up. According to Barrett, this was the customary attitude of the Government toward merchants: it was anything but unusual for a merchant to have the free use of Government money to the sum of four or five hundred thousand dollars.<sup>10</sup>

<sup>10</sup> The Government reports bear out Barrett's statements, although in saying this it must be with qualifications. The shippers engaged in the East India and China trade were more favored, it seems, than other classes of shippers, which discrimination engendered much antagonism. "Why," wrote the Mer-

"John Jacob Astor," says Barrett in a view of admiration, "at one period of his life had several vessels operating in this way. They would go to the Pacific and carry furs from thence to Canton. These would be sold at large profits. Then the cargoes of tea would pay enormous duties which Astor did not have to pay to the United States for a year and a half. His tea cargoes would be sold for good four and six months paper, or perhaps cash; so that for eighteen or twenty years John Jacob Astor had what was actually a free-of-interest loan from the Government of over *five millions* of dollars."<sup>11</sup>

"One house," continues Barrett, "was Thomas H. Smith & Sons. This firm went enormously into the Canton trade, and, although possessing originally but a few thousand dollars, Smith imported to such an extent that when he failed he owed the United States three millions and not a cent has ever been paid." Was Smith imprisoned for debt? Not at all.

It is such revelations as these that indicate how it was possible for the shippers to pile up great fortunes at a time when "a house that could raise \$260,000 in specie had an uncommon capital." They showed how the same functions of government which were used as an engine of such oppressive power against the poor,

mercantile Society of New York to the House Committee on Manufactures in 1821, "should the merchant engaged in the East India trade, who is the overgrown capitalist, have the extended credit of twelve months in his duties, the amount of which on one cargo furnishes nearly a sufficient capital for completing another voyage, before his bonds are payable?" The Mercantile Society recommended that credits on duties be reduced to three and six months on merchandise imported from all quarters of the globe.—Reports of Committees, Second Session, Sixteenth Congress, 1820-21, Vol. I, Document No. 34.

<sup>11</sup> "The Old Merchants of New York," 1:31-33. Barrett was a great admirer of Astor. He inscribed Vol. iii, published in 1864, to Astor's memory.

were perverted into highly efficient auxiliary of trading class aims and ambitions. By multifarious subtle workings, these class laws inevitably had a double effect. They poured wealth into the coffers of the merchant-class and simultaneously tended to drive the masses into poverty. The gigantic profits taken in by merchants had to be borne by the worker, perhaps not superficially, but in reality so. They came from his slender wages, from the tea and cotton and woolen goods that he used, the sugar and the coffee and so on. In this indirect way the shippers absorbed a great part of the products of his labor; what they did not expropriate the landlord did. Then when the laborer fell in debt to the middleman tradesman to jail he went.<sup>12</sup>

#### UNITE AGAINST THE WORKER.

The worker denounced these discriminations as barbarous and unjust. But he could do nothing. The propertied class, with its keen understanding of what

<sup>12</sup> The movement to abolish imprisonment for debt was a protracted one lasting more than a quarter of a century, and was acrimoniously opposed by the propertied classes, as a whole. By 1836, however, many State legislatures had been induced to repeal or modify the provisions of the various debtors' imprisonment acts. In response to a recommendation by President Andrew Jackson that the practise be abolished in the District of Columbia, a House Select Committee reported on January 17, 1832, that "the system originated in cupidity. It is a confirmation of power in the few against the many; the Patrician against the Plebeian." On May 31, 1836, the House Committee for the District of Columbia, in reporting on the debtors' imprisonment acts, said: "They are disgraceful evidences of the ingenious subtlety by which they were woven into the legal system we adopted from England, and were obviously intended to increase and confirm the power of a wealthy aristocracy by rendering poverty a crime, and subjecting the liberty of the poor to the capricious will of the rich."—Reports of Committees, Second Session, Twenty-second Congress, 1832-33, Report No. 5, and Reports of Committees, First Session, Twenty-fourth Congress, 1836, Report No. 732, ii: 2.

was best for its interests, acted and voted, and usually dragooned the masses of enfranchised into voting, for men and measures entirely favorable to its designs. Sometimes these interests conflicted as they did when a part of New England became manufacturing centers and favored a high protective tariff in opposition to the importing trades, the plantation owners and the agricultural class in general. Then the vested class would divide, and each side would appeal with passionate and patriotic exhortations to the voting elements of the people to sustain it, or the country would go to ruin. But when the working class made demands for better laws, the propertied class, as a whole, united to oppose the workers bitterly. However it differed on the tariff, or the question of state or national banks, substantially the whole trading class solidly combated the principle of manhood suffrage and the movements for the wiping out of laws for imprisonment for debt, for mechanic's liens and for the establishment of shorter hours of work.

Political institutions and their offspring in the form of laws being generally in the control of the trading class, the conditions were extraordinarily favorable for the accumulation of large fortunes, especially on the part of the shipowners, the dominant class. The grand climax of the galaxy of American fortunes during the period from 1800 to 1831—the greatest of all the fortunes up to the beginning of the third decade of that century—was that of Girard. He built up what was looked up to as the gigantic fortune of about ten millions of dollars and far overtopped every other strainer for money except Astor, who survived him seventeen years, and whose wealth increased during that time to double the amount that Girard left.



## CHAPTER VI

### GIRARD—THE RICHEST OF THE SHIPPERS

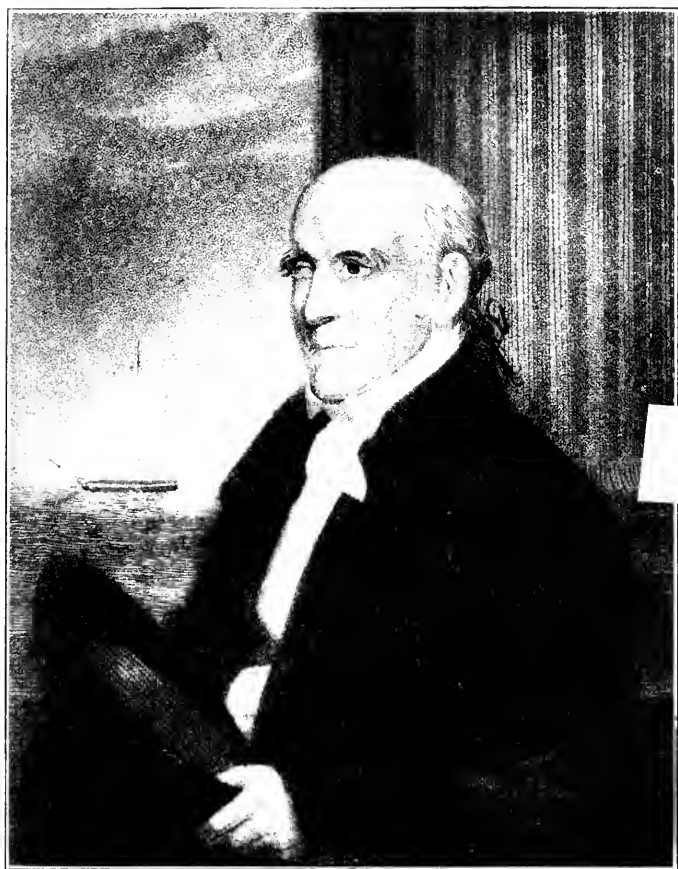
Girard was born at Bordeaux, France, on May 21, 1750, and was the eldest of five children of Captain Pierre Girard, a mariner. When eight years old he became blind in one eye, a loss and deformity which subjected his sensibilities to severe trials and which had the effect of rendering him morose and sour. It was his lament in later life that while his brothers had been sent to college, he was the ugly duckling of the family and came in for his father's neglect and a shrewish step-mother's waspishness. At about fourteen years of age he relieved himself of these home troubles and ran away to sea. During the nine years that he sailed between Bordeaux and the West Indies, he rose from cabin-boy to mate. Evading the French law which required that no man should be made master of a ship unless he had sailed two cruises in the royal navy and was twenty-five years old, Girard got the command of a trading vessel when about twenty-two years old. While in this service he clandestinely carried cargoes of his own which he sold at considerable profit. In May, 1776, while en route from New Orleans to a Canadian port, he became enshrouded in a fog off the Delaware Capes, signaled for aid, and when the fog had cleared away sufficiently for an American ship, near by, to come to his assistance, learned that war was on. He thereupon scurried for Philadelphia, where he sold vessel

and cargo, of which latter only a part belonged to him, and with the proceeds opened up a cider and wine bottling and grocery business in a small store on Water street.

Girard made money fast; and in July, 1777, married Mary Lum, a woman of his own class. She is usually described as a servant girl of great beauty and as one whose temper was of quite tempestuous violence. This unfortunate woman subsequently lost her reason; undoubtedly her husband's meannesses and his forbidding qualities contributed to the process. One of his most favorable biographers thus describes him: "In person he was short and stout, with a dull repulsive countenance, which his bushy eyebrows and solitary eye almost made hideous. He was cold and reserved in manner, and was disliked by his neighbors, the most of whom were afraid of him."<sup>1</sup>

During the British occupation of Philadelphia he was charged by the revolutionists with extreme double-dealing and duplicity in pretending to be a patriot, and taking the oath of allegiance to the colonies, while secretly trading with the British. None of his biographers deny this. While merchant after merchant was being bankrupted from disruption of trade, Girard was incessantly making money. By 1780 he was again in the shipping trade, his vessels plying between American ports and New Orleans and San Domingo;

<sup>1</sup> "Kings of Fortune": 16 — The pretentious title and sub-title of this work, written thirty odd years ago by Walter R. Houghton, A.M., gives an idea of the fantastic exaltation indulged in of the careers of men of great wealth. Harken to the full title: "Kings of Fortune—or the Triumphs and Achievements of Noble, Self-made men.—Whose brilliant careers have honored their calling, blessed humanity, and whose lives furnish instruction for the young, entertainment for the old and valuable lessons for the aspirants of fortune." Could any fulsome effusion possibly surpass this?



**STEPHEN GIRARD.**  
(From an Engraving.)



not the least of his profits, it was said, came from slave-trading.

#### HOW HE BUILT HIS SHIPS.

A troublous partnership with his brother, Captain Jean Girard, lasted but a short time; the brothers could not agree. At the dissolution in 1790 Stephen Girard's share of the profits amounted to \$30,000. Girard's greatest stroke came from the insurrection of the San Domingo negroes against the French several years later. He had two vessels lying in the harbor of one of the island ports. At the first mutterings of danger, a number of planters took their valuables on board one of these ships and scurried back to get the remainder. The sequel, as commonly narrated, is represented thus: The planters failed to return, evidently falling victims to the fury of the insurrectionists. The vessels were taken to Philadelphia, and Girard persistently advertised for the owners of the valuables. As no owners ever appeared, Girard sold the goods and put the proceeds, \$50,000, into his own bank account. "This," says Houghton, "was a great assistance to him, and the next year he began the building of those splendid ships which enabled him to engage so actively in the Chinese and West India trades."

From this time on his profits were colossal. His ships circumnavigated the world many times and each voyage brought him a fortune. He practiced all of those arts of deception which were current among the trading class and which were accepted as shrewdness and were inseparably associated with legitimate business methods. In giving one of his captains instructions he wrote, as was his invariable policy, the most explicit directions to exercise secretiveness and cunning in his purchases

of coffee at Batavia. Be cautious and prudent, was his admonition. Keep to yourself the intention of the voyage and the amount of specie that you have on board. To satisfy the curious, throw them off the scent by telling them that the ship will take in molasses, rice and sugar, if the price is very low, adding that the whole will depend upon the success in selling the small Liverpool cargo. If you do this, the cargo of coffee can be bought ten per cent cheaper than it would be if it is publicly known there is a quantity of Spanish dollars on board, besides a valuable cargo of British goods intended to be invested in coffee for Stephen Girard of Philadelphia.

By 1810 we see him ordering the Barings of London to invest in shares of the Bank of the United States half a million dollars which they held for him. When the charter expired, he was the principal creditor of that bank; and he bought, at a great bargain, the bank and the cashier's house for \$120,000. On May 12, 1812, he opened the Girard Bank, with a capital of \$1,200,000, which he increased the following year by \$100,000 more.<sup>2</sup>

#### A DICTATOR OF FINANCE.

His wealth was now overshadowingly great; his power immense. He was a veritable dictator of the realms of

<sup>2</sup> "Mr. Girard's bank was a financial success from the beginning. A few months after it opened for business its capital was increased to one million three hundred thousand dollars. One of the incidents which helped, at the outstart, to inspire the public with confidence in the stability of the new institution was the fact that the trustees who liquidated the affairs of the old Bank of the United States opened an account in Girard's Bank, and deposited in its vaults some millions of dollars in specie belonging to the old bank."—"The History of the Girard National Bank of Philadelphia," by Josiah Granville Leach, LL.B., 1902. This eulogistic work contains only the scantiest details of Girard's career.

finance; an assiduous, repellent little man, with his devil's eye, who rode roughshod over every obstacle in his path. His every movement bred fear; his veriest word could bring ruin to any one who dared cross his purposes. The war of 1812 brought disaster to many a merchant, but Girard harvested fortune from the depths of misfortune. "He was, it must be said," says Houghton, "hard and illiberal in his bargains, and remorseless in exacting the last cent due him." And after he opened the Girard Bank: "Finding that the salaries which had been paid by the government were higher than those paid elsewhere, he cut them down to the rate given by the other banks. The watchman had always received from the old bank the gift of an overcoat at Christmas, but Girard put a stop to this. He gave no gratuities to any of his employees, but confined them to the compensation for which they had bargained; yet he contrived to get out of them service more devoted than was received by other men who paid higher wages and made presents. Appeals to him for aid were unanswered. No poor man ever came full-handed from his presence. He turned a deaf ear to the entreaties of failing merchants to help them on their feet again. He was neither generous nor charitable. When his faithful cashier died, after long years spent in his service, he manifested the most hardened indifference to the bereavement of the family of that gentleman, and left them to struggle along as best they could."

Further, Houghton unconsciously proceeds to bring out several incidents which show the exorbitant profits Girard made from his various business activities. In the spring of 1813, one of his ships was captured by a British cruiser at the mouth of the Delaware. Fearing that his prize would be recaptured by an American

war ship if he sent her into port, the English Admiral notified Girard that he would ransom the ship for \$180,000 in coin. Girard paid the money; and, even after paying that sum, the cargo of silks, nankeens and teas yielded him a profit of half a million dollars. His very acts of apparent public spirit were means by which he scooped in large profits. Several times, when the rate of exchange was so high as to be injurious to general business, he drew upon Baring Bros. for sums of money to be transferred to the United States. This was hailed as a public benefaction. But what did Girard do? He disposed of the money to the Bank of the United States and charged ten per cent. for the service.

#### BRIBERY AND INTIMIDATION.

The reëstablishment and enlarged sway of this bank were greatly due to his efforts and influence; he became its largest stockholder and one of its directors. No business institution in the first three decades of the nineteenth century exercised such a sinister and overshadowing influence as this chartered monopoly. The full tale of its indirect bribery of politicians and newspaper editors, in order to perpetuate its great privileges and keep a hold upon public opinion, has never been set forth. But sufficient facts were brought out when, after years of partizan agitation, Congress was forced to investigate and found that not a few of its own members for years had been on the payrolls of the bank.<sup>3</sup>

In order to get its charter renewed from time to time and retain its extraordinary special privileges, the United States Bank systematically debauched politics and such

<sup>3</sup> The First Session of the Twenty-second Congress, 1831, iv, containing reports from Nos. 460 to 463.



of the press as was venal; and when a critical time came, as it did in 1832-34, when the mass of the people sided with President Jackson in his aim to overthrow the bank, it instructed the whole press at its command to raise the cry of "the fearful consequences of revolution, anarchy and despotism," which assuredly would ensue if Jackson were reëlected. To give one instance of how for years it had manipulated the press: The "Courier and Enquirer" was a powerful New York newspaper. Its owners, Webb and Noah, suddenly deserted Jackson and began to denounce him. The reason was, as revealed by a Congressional investigation, that they had borrowed \$50,000 from the United States Bank which lost no time in giving them the alternative of paying up or supporting the bank.<sup>4</sup>

Girard's share in the United States Bank brought him millions of dollars. With its control of deposits of government funds and by the provisions of its charter, this bank swayed the whole money marts of the United States and could manipulate them at will. It could advance or depress prices as it chose. Many times, Girard with his fellow directors was severely denounced for the arbitrary power he wielded. But—and let the fact be noted—the denunciation came largely from the owners of the State banks who sought to supplant the United States Bank. The struggle was really one between two sets of capitalistic interests.

Shipping and banking were the chief sources of

<sup>4</sup> Ibid.

An investigating committee appointed by the Pennsylvania Legislature in 1840, reported that during a series of years the Bank of the United States (or United States Bank, as it was more often referred to) had corruptly expended \$130,000 in Pennsylvania for a re-charter.—Pa. House Journal, 1842, Vol. II, Appendix, 172-531.

Girard's wealth, with side investments in real estate and other forms of property. He owned large tracts of land in Philadelphia, the value of which inncreased rapidly with the growth of population; he was a heavy stockholder in river navigation companies and near the end of his life he subscribed \$200,000 toward the construction of the Danville & Pottsville Railroad.

#### THE SOLITARY CRÆSUS.

He was at this time a solitary, crusty old man living in a four-story house on Water street, pursued by the contumely of every one, even of those who flattered him for mercenary purposes. Children he had none, and his wife was long since dead. His great wealth brought him no comfort; the environment with which he surrounded himself was mean and sordid; many of his clerks lived in better style. There, in his dingy habitation, this lone, weazened veteran of commerce immersed himself in the works of Voltaire, Diderot, Paine and Rousseau, of whom he was a profound admirer and after whom some of his best ships were named.

This grim miser had, after all, the one great redeeming quality of being true to himself. He made no pretense to religion and had an abhorrence of hypocrisy. Cant was not in his nature. Out into the world he went, a ferocious shark, cold-eyed for prey, but he never cloaked his motives beneath a calculating exterior of piety or benevolence. Thousands upon thousands he had deceived, for business was busmess, but himself he never deceived. His bitter scoffs at what he termed theologic absurdities and superstitions and his terrific rebuffs to ministers who appealed to him for money, undoubtedly

called forth a considerable share of the odium which was hurled upon him. He defied the anathemas of organized churchdom; he took hold of the commercial world and shook it harshly and emerged laden with spoils. To the last, his volcanic spirit flashed forth, even when, eighty years old, he lay with an ear cut off, his face bruised and his sight entirely destroyed, the result of being felled by a wagon.

In all his eighty-one years charity had no place in his heart. But after, on Dec. 26, 1831, he lay stone dead and his will was opened, what a surprise there was! His relatives all received bequests; his very apprentices each got five hundred dollars, and his old servants annuities. Hospitals, orphan societies and other charitable associations all benefited. Five hundred thousand dollars went to the City of Philadelphia for certain civic improvements; three hundred thousand dollars for the canals of Pennsylvania; a portion of his valuable estate in Louisiana to New Orleans for the improvement of that city. The remainder of the estate, about six millions, was left to trustees for the creation and endowment of a College for Orphans, which was promptly named after him.

A chorus of astonishment and laudation went up. Was there ever such magnificence of public spirit? Did ever so lofty a soul live who was so misunderstood? Here and there a protesting voice was feebly heard that Girard's wealth came from the community and that it was only justice that it should revert to the community; that his methods had resulted in widows and orphans and that his money should be applied to the support of those orphans. These protests were frowned upon as the moublings of cranks or the ravings of impotent envy.

Applause was lavished upon Girard; his very clothes were preserved as immemorial mementoes.<sup>5</sup>

“ THE GREAT BENEFACTOR.”

All of the benefactions of the other rich men of the period waned into insignificance compared to those of Girard. His competitors and compeers had given to charity, but none on so great a scale as Girard. Distinguished orators vied with one another in extolling his wonderful benefactions,<sup>6</sup> and the press showered encomiums upon him as that of the greatest benefactor of the age. To them this honestly seemed so, for they were trained by the standards of the trading class, by the sophistries of political economists and by the spirit of the age, to concentrate their attention upon the powerful and successful only, while disregarding the condition of the masses of the people.

<sup>5</sup> In providing for the establishment of Girard College, Girard stated in his will: “ I enjoin and require that no ecclesiastic, missionary, or minister of any sect whatsoever, shall ever hold or exercise any station or duty whatsoever in the said college; nor shall any such person be admitted for any purpose, or as a visitor within the premises appropriated to the purposes of said college.”—*The Will of the Late Stephen Girard, Esq., 1848: 22-23.*

An attempt was made by his relatives in France to break his will, one of the grounds being that the provisions of his will were in conflict with the Christian religion which was a part of the common law of Pennsylvania. The attempt failed.

<sup>6</sup> For example, an address by Edward Everett, at the Odeon, before the Mercantile Library Association in Boston, September 13, 1838: “ Few persons, I believe, enjoyed less personal popularity in the community in which he lived and to which he bequeathed his personal fortune. . . . A citizen and a patriot he lived in his modest dwelling and plain garb; appropriating to his last personal wants the smallest pittance from his princely income; living to the last in the dark and narrow street in which he made his fortune; and when he died bequeathed it for the education of orphan children. For the public I do not believe he could have done better,” etc., etc.—*Hunt's " Merchant's Magazine," 1830, 1: 35.*

The pastimes of a king or the foibles of some noted politician or rich man were things of magnitude and were much expatiated upon, while the common man, singly or in mass, was of absolutely no importance. The finely turned rhetoric of the orators, pleasing as it was to that generation, is, judged by modern standards, well nigh meaningless and worthless. In that highflown oratory, with its carefully studied exordiums, periods and perorations can be clearly discerned the reverence given to power as embodied by possession of property. But nowhere do we see any explanation, or even an attempt at explanation, of the basic means by which this property was acquired or of its effect upon the masses of the people. Woefully lacking in facts are the productions of the time as to how the great body of the workers lived and what they did. Facts as to the rich are fairly available, although not abundant, but facts regarding the rest of the population are pitifully few. The patient seeker for truth — the mind which is not content with the presentation of one side — finds, with some impatience, that only a few writers thought it worth while to give even scant attention to the condition of the working class. One of these few was Matthew Carey, an orthodox political economist, who, in a pamphlet issued in 1829,<sup>7</sup> gave this picture which forms both a contrast and a sequel to the accumulations of multimillionaires, of which Girard was then the archtype:

#### A STARK CONTRAST PRESENTED.

“Thousands of our laboring people travel hundreds of miles in quest of employment on canals at 62½ cents to 87½ cents per day, paying \$1.50 to \$2.00 a week for

<sup>7</sup> “The Public Charities of Philadelphia.”

board, leaving families behind depending upon them for support. They labor frequently in marshy grounds, where they inhale pestiferous miasmata, which destroy their health, often irrevocably. They return to their poor families broken hearted, and with ruined constitutions, with a sorry pittance, most laboriously earned, and take to their beds, sick and unable to work. Hundreds are swept off annually, many of them leaving numerous and helpless families. Notwithstanding their wretched fate, their places are quickly supplied by others, although death stares them in the face. Hundreds are most laboriously employed on turn-pikes, working from morning to night at from half a dollar to three-quarters a day, exposed to the broiling sun in summer and all the inclemency of our severe winters. There is always a redundancy of wood-pilers in our cities, whose wages are so low that their utmost efforts do not enable them to earn more than from thirty-five to fifty cents per day. . . . Finally there is no employment whatever, how disagreeable or loathsome, or deleterious soever it may be, or however reduced the wages, that does not find persons willing to follow it rather than beg or steal."

PART II

THE GREAT LAND FORTUNES







GEN STEPHEN VAN RENSSELAER  
The Last of the Patriots  
Faintly Remembered



## CHAPTER I

### THE ORIGIN OF HUGE CITY ESTATES

In point of succession and importance the next great fortunes came from ownership of land in the cities. They far preceded fortunes from established industries or from the control of modern methods of transportation. Long before Vanderbilt and other of his contemporaries had plucked immense fortunes from steamboat, railroad and street railway enterprises, the Astor, Goelet, and Longworth fortunes were counted in the millions. In the seventy years from 1800 the land-owners were the conspicuous fortune possessors; and, although fortunes of millions were extracted from various other lines of business, the land fortunes were preëminent.

At the dawn of the nineteenth century and until about 1850, survivals of the old patroon estates were to be met with. But these gradually disintegrated. Everywhere in the North the tendency was toward the partition of the land into small farms, while in the South the condition was the reverse. The main fact which stood out was that the rich men of the country were no longer those who owned vast tracts of rural land. That powerful kind of landowner had well-nigh vanished.

### THE MANORIAL LORDS PASS AWAY.

For more than two centuries the manorial lords had been conspicuous functionaries. Shorn of much power

by the alterations of the Revolution they still retained a part of their state and estate. But changing laws and economic conditions drove them down and down in the scale until the very names of many of them were gradually lost sight of. As they descended in the swirl, other classes of rich men jugged into strong view. Chief among these nascent classes were the landowners of the cities, at first grubbling tradesmen and land speculators and finally rising to the crowning position of multi-millionaires. Originally, as we have seen, the manorial magnate himself made the laws and decreed justice; but in two centuries great changes had taken place. He now had to fight for his very existence.

Thus, to give one example, the manorial men in New York were confronted in 1839 by a portentous movement. Their tenants were in a state of unrest. On the Van Rensselaer, the Livingston and other of the old feudal estates they rose in revolt. They objected to the continuing system which gave the lords of these manors much the same rights over them as a lord in England exercised over his tenants. Under the leases that the manorial lords compelled their tenants to sign, there were oppressive anachronisms. If he desired to entertain a stranger in his house for twenty-four hours, the tenant was required to get permission in writing. He was forced to obligate himself not to trade in any commodities except the produce of the manor. He could not get his flour ground anywhere else than at the mill of the manor without violating his lease and facing ejectment, nor could he buy anything at any place except at the store of the manorial magnate. These were the rights reserved to the manorial lords after the Revolution, because theirs were the rights of private property; and as has often been set forth, property absolute

dominated the laws and greatly nullified the spirit of a movement made successful by the blood and lives of the masses in the Revolutionary Army. Tardily, subsequent legislatures had abolished all feudal tenures, but these laws were neither effective nor were enforced by the authorities who reflected and represented the interests of the proprietors of the manors.

On their part the manorial men believed that self-interest, pride and adherence to ancient traditions called for the perpetuation of their arbitrary power of running their domains as they pleased. They refused to acknowledge that law had any right to interfere in the managing of what they considered their private affairs. Eager to avail themselves of the police power of the law in dispossessing any fractious or impecunious tenant and in suppressing protest meetings, they, at the same time, denounced law as tyrannical when it sought to inject more modern and humane conditions in the managing of their estates. They stubbornly insisted upon a tenantry, and as obstinately contested any forfeiture of what they deemed their property rights.

#### FEUDAL TENURES ABOLISHED.

A long series of reprisals and an intense agitation developed. The Anti-Renters mustered such sympathetic political strength and threw the whole state into such a vortex of radical discussion, that the politicians of the day, fearing the effects of such a movement, practically forced the manorial magnates to compromise by selling their land in small farms,<sup>1</sup> which they did at

<sup>1</sup> In 1847 and 1849 the Anti-Renters demonstrated a voting strength in New York State of about 5,000. Livingston's title to his estate being called into question, a suit was brought. The court decision favored him. The Livingstons, it may be again re-

exorbitant prices. They made large profits on the strength of the very movement which they had so bitterly opposed. Affrighted at the ominous unrest of a large part of the people and hoping to stem it, the New York Constitutional Convention in 1846 adopted a Constitutional inhibition on all feudal tenures, an inhibition so drafted that no legislature could pass a law contravening it.<sup>2</sup>

So, in this final struggle, passed away the last vestiges of the sway of the all-powerful patroons of old. They had become archaic. It was impossible for them to survive in the face of newer conditions, for they represented a bygone economic and social era. Their power was one accruing purely from the extent of their possessions and discriminative laws. When these were wrenched from their grasp, their importance as wielders of wealth and influence ceased. They might still boast of their lineage, their aristocratic enclosure and culture and their social altitude, but these were about the only remnants of consolation left.

The time was unpropitious for the continuation of great wealth based upon rural or small-town land. Many influences conspired to make this land a variable property, while these same influences, or a part of them, fixed upon city land an enhancing and graduating permanency of value. The growth of the shipping trade built up the cities and attracted workers and population

marked, were long powerful in politics, and had had their members on the bench.—“Life of Silas Wright,” 179-226; “Last Leaves of American History”: 16-18, etc.

<sup>2</sup> The debates in this convention showed that the feudal conditions described in this chapter prevailed down to 1846.—*New York Constitution; Debates in Convention, 1846*; 1052-1056. This is an extract from the official convention report: “Mr. Jordan [a delegate] said that it was from such things that relief was asked: which although the moral sense of the community will not admit to be enforced, are still actually in existence.”

generally. The establishment of the factory system in 1790 had a two-fold effect. It began to drain country sections of many of the younger generations and it immediately enlarged the trading activities of the cities. Another and much more considerable part of the farming population in the East was constantly migrating to the West and Southwest with their promising opportunities. Some country districts thinned out; others remained stationary. But whether the rural census increased or not, there were other factors which sent up or down the value of farming lands. The building of a canal would augment the value of land in one section and cause stimulation, and depress conditions in another section not so favored. Even this stimulation, however, was often transient. With each fresh settlement of the West and with the construction of each pioneer railroad, new and complex factors turned up which generally had a depreciating effect upon Eastern lands. A country estate worth a large sum in one generation might very well succumb to a mortgage in the next.

#### THE NEW ARISTOCRACY.

But fortunes based upon land in the cities were indued with a mathematical certainty and a perpetuity. City real estate was not subject to the extreme fluctuating processes which so disordered the value of rural land. All of the tendencies and currents of the times favored the building up of an aristocracy based upon ownership of city property. Compared to their present colossal proportions the cities were then mere villages. There was a nucleus of perhaps a mile or two of houses, beyond which were fields and orchards, meadows and wastes. These could be bought for an insignificant sum. With

the progressing growth of commerce and population, with immigration continually going on, every year witnessing a keener pressure for occupation of the land, the value of this latter was certain to increase. There was no chance of its being otherwise.

Up to 1825 it was a mooted question whether the richest landowners would arise in New York, Philadelphia, Boston or Baltimore. For many years Philadelphia had been far in the lead in extent of commerce. But the opening of the Erie Canal at once settled this question. At a bound New York attained the rank of the foremost commercial city in the United States, completely outstripping its competitors. While the trade of these fell off precipitately, the population and trade of New York City nearly doubled in a single decade. The value of land began to increase stupendously. The swamps, rocky wastes and flats and the land under water of a few years before became prolific sources of fortunes. Land which had been worth a paltry sum ten or twenty years before sprang to a considerable value and, in course of time, with the same causes in a more intense ratio of operation, was vested with a value of hundreds of millions of dollars. This being so, it was not surprising that the richest landowners should appear first in New York City and should be able to maintain their supremacy.

The wealth of the landowners soon completely eclipsed that of the shippers. Enormous as were the profits of the shipping business, they were immediate only. In the contest for wealth it was inevitable that the shippers should fall behind. Their business was one of peculiar uncertainties. The hazards of the sea, the fluctuations and vicissitudes of trade, the severe competition of the times, exposed their traffic to many mutations. Many



of the rich shipowners well understood this; the surplus wealth derived from commerce on the seas they invested in land, banks, factories, turnpikes, insurance companies, railroads and in some instances, lotteries. Those shipping millionaires who clung exclusively to the sea fell in the scale of the rich class, especially as the time came when foreign shipping largely supplanted the trade hitherto carried in American cutters. Other shippers who applied their surplus capital to investments in other forms of trade and ownership advanced rapidly in wealth.

#### CITY LAND THE SUPREME FACTOR.

Between land ownership and other forms, however, there was a great difference. Trade was then extremely individualistic; the artificial controlling power called the corporation was in its earliest infantile condition. The heirs of the owner of sixty line of sail might not possess the same astuteness, the same knowledge, adroitness, and cunning—or let us say, unscrupulousness—the same severe application as the founder. Consequently the business would decay or fall into the hands of others shrewder or more fortunate. As to factories the condition was somewhat the same; and, after the organization of labor unions the possibility of strikes was an ever-present danger to the constant flow of profits. Banks were by no means fixed, unchangeable establishments. Like other media of profit-making, the extent of their power and profits depended upon prevailing conditions and very largely upon the favoritism or policy of Government. At any time the party controlling government functions might change and a radically different policy in banking, tariff or other laws be put in force.

These changing laws did not, it is true, vitally benefit the masses of the people, for one set or other of the propertied interests almost invariably benefited. The laws enacted were usually in response to a demand made by contending propertied interests. The trade and political struggles carried on by the commercial interests were a series of incessant wars, in which every individual owner, firm or combination was fiercely resisting competitors or striving for their overthrow.

#### THE INVULNERABLE LANDOWNER.

But the landowner occupied a superior position which neither political conditions nor the flux of changing circumstances could materially assail. He was ardently individualistic also in that he demanded, and was accorded, the unimpaired right to get land in any way that he legally could, hold a monopoly of as much of it as he pleased, and dispose of it as he willed. In the very act of asserting this individualism he called upon Society, through its machinery of Government, for the enactment of particular laws, to guarantee him the sole possession of his land and uphold his claims and rights by force if necessary. These were all the basic laws that he needed and these laws did not change. From generation to generation they remained fixed, immovable. The interests of all landowners were identical; those of the traders were varying and conflicting. For long periods the landowner could expect the continuance of existing fundamental laws regarding the ownership of land, while the shipper, the factory owner, the banker did not know what different set of laws might be enacted at any time.

Furthermore, the landowner had an efficient and

never-failing auxiliary. He yoked society as a partner, but it was a partnership in which the revenue went exclusively to the landowner. The principal factor he depended upon was the work of collective humans in adding greater and greater values to his land. Broadly speaking, his share consisted in merely looking on; he had nothing to do except hold on to his land. His sons, grandsons, his descendants down to remotest posterity need do even less; they could leisurely hold on to their inheritance, enlarge it, hire the necessary ability of superintendence and vast and ever vaster riches would be theirs. Society worked feverishly for the landowner. Every street laid and graded by the city; every park plotted and every other public improvement; every child born and every influx of immigrants; every factory, warehouse and dwelling that went up;—all these and more agencies contributed toward the abnormal swelling of his fortune.

#### A PROLIFIC BREEDER OF WEALTH.

Under such a system land was the one great auspicious, facile and durable means of rolling up an overshadowing fortune. Its exclusive possession struck at the very root of human necessity. At a pinch people can do without trade or money, but land they must have, even if only to lie down on and starve. The impoverished, jobless worker, with disaster facing him, must first perforce give up his precious few coins to the landlord and take chances on food and the remainder. Especially is land in demand in a complicated industrial system which causes much of the population to gravitate to centers where industries and trade are concentrated and congest there.

A more formidable system for the foundation and amplification of lasting fortunes has not existed. It is automatically self-perpetuating. And that it is pre-eminently so is seen in the fact that the large shipping fortunes of a century ago are now generally as completely forgotten as the methods then used are obsolete. But the land has remained land; and the fortunes then incubated have grown into mighty powers of great national, and some of considerable international, importance.

It was by favor of these propitious conditions that many of the great fortunes, based upon land, were founded. According to the successive census returns of the United States, by far the greater part of the wealth of the country as regards real estate was, and is, concentrated in the North Atlantic Division and the North Central Division, the one taking in such cities as New York, Philadelphia, and Boston, the other Chicago, Cincinnati and other cities.<sup>3</sup> It is in the large cities that the great land fortunes are to be found. The greatest of these fortunes are the Astor, Goelet and Rhinelanders estates in the East and, in the West, the Longworth and Field estates are notable examples. To deal with all the conspicuous fortunes based upon land would necessitate an interminable narrative. Suffice it for the purposes of this work to take up a few of the superlatively great fortunes as representatives of those based upon land.

#### VAST FORTUNES FROM LAND.

The foremost of all American fortunes derived from

<sup>3</sup> Of a total of \$39,544,333,000, representing wealth in real estate and improvements, the census of 1890 attributed \$13,905,274,364 to the North Atlantic Division and a trifle more than \$15,000,000,000 to the North Central Division.

land is the Astor fortune. Its present bulk, embracing all the collateral family branches, is estimated by some authorities at about \$300,000,000. This, it is generally believed, is an underestimate. As long ago as 1889, when the population of New York City was much less than now, Thomas G. Shearman, a keen student of land conditions, placed the collective wealth of the Astors at \$250,000,000.<sup>4</sup> The stupendous magnitude of this fortune alone may at once be seen in its relation to the condition of the masses of the people. An analysis of the United States census of 1900, compiled by Lucien Sanial, shows that while the total wealth of the country was estimated at about \$95,000,000,000, the proletarian class, composed chiefly of wage workers and a small proportion of those in professional classes, and numbering 20,393,137 persons, owned only about \$4,000,000,000. It is by such a contrast, bringing out how one family alone, the Astors, own more than many millions of workers, that we begin to get an idea of the overreaching, colossal power of a single fortune. The Goelet fortune is likewise vast; it is variously estimated at from \$200,000,000 to \$225,000,000, although what its exact proportions are is a matter of some obscurity.

In the case of these great fortunes it is well nigh impossible to get an accurate idea of just how much they reach. All of them are based primarily upon ownership of land, but they also include many other forms such as shares in banks, coal and other mines, railroads, city transportation systems, gas plants, industrial corporations. Even the most indefatigable tax assessors find it such a fruitless and elusive task in attempting to discover what personal property is held by these multi-millionaires, that the assessment is usually a conjectural or

<sup>4</sup> The Forum (Magazine), November, 1889.

haphazard performance. The extent of their land holdings is known; these cannot be hid in a safe deposit vault. But their other varieties of property are carefully concealed from public and official knowledge. Since this is so, it is entirely probable that the fortunes of these families are considerably greater than is commonly estimated. The case of Marshall Field, a Chicago Cræsus, who left a fortune valued at about \$100,000,000, is a strong illustration. This man owned \$30,000,000 worth of real estate in Chicago alone. There was no telling, however, what his whole estate amounted to, for he refused year after year to pay taxes on more than a valuation of \$2,500,000 of personal property. Yet, after his death in 1906, an inventory of his estate filed in January, 1907, disclosed a clear taxable personal property of \$49,977,270. He was far richer than he would have it appear.

Let us investigate the careers of some of these powerful landed men, the founders of great fortunes, and inquire into their methods and into the conditions under which they succeeded in heaping up their immense accumulations.

## CHAPTER II

### THE INCEPTION OF THE ASTOR FORTUNE

The founder of the Astor fortune was John Jacob Astor, a butcher's son. He was born in Waldorf, Germany, on July 17, 1763. At the age of eighteen, according to traditional accounts, he went to London, where a brother, George Peter, was in the business of selling musical instruments. Two years later with "one good suit of Sunday clothes, seven flutes and five pounds sterling of money"<sup>1</sup> he emigrated to America. Landing at Baltimore he proceeded to New York City.

Here he became an apprentice to George Dieterich, a baker at No. 351 Pearl street, for whom he peddled cakes, as was the custom. Walter Barrett insists that this was Astor's first occupation in New York. Later, Astor went into business for himself. "For a long time," says Barrett, "he peddled [fur] skins, and bought them where he could; and bartered cheap jewelry, etc., from the pack he carried on his back."<sup>2</sup> Another story is that he got a job beating furs for \$2 a week and board in the store of Robert Bowne, a New York merchant; that while in this place he showed great zest in quizzing the trappers who came in to sell furs, and that in this fashion he gained considerable knowledge of the fur animals. The story proceeds that as Bowne grew older he entrusted to Astor the task of making long and fa-

<sup>1</sup> Parton's "Life of John Jacob Astor": 28

<sup>2</sup> "The Old Merchants of New York," 1: 287.

tiguing journeys to the Indian tribes in the Adirondacks and Canada and bargaining with them for furs.

#### ASTOR'S EARLY CAREER.

Astor got together enough money to start in the fur business for himself in 1786 in a small store on Water street. It is not unreasonable to suppose that at this time he, in common with all the fur dealers of the time, participated in the current methods of defrauding the Indians. It is certain that he contrived to get their most valuable furs for a jug of rum or for a few toys or notions. Returning from these strokes of trade, he would ship large quantities of the furs to London where they were sold at great profit.

His marriage to Sarah Todd, a cousin of Henry Brevoort, brought him a good wife, who had the shining quality of being economical, and an accession of some means and considerable family connections. Remarkably close-fisted, he weighed over every penny. As fast as his means increased he used them in extending his business. By 1794 he was somewhat of an expansive merchant. Scores of trappers and agents ravaged the wilderness at his command. Periodically he shipped large quantities of furs to Europe. His modest, even niggardly, ways of living in rooms over his store were not calculated to create the impression that he was a rich man. It was his invariable practice habitually to deceive others as to his possessions and plans. But when, in 1800, he removed to No. 223 Broadway, at the corner of Vesey street, then a fashionable neighborhood, he was rated, perforce, as a man of no inconsiderable means. He was, in fact, as nearly as can be gathered, worth at this time a quarter of a million dollars — a mon-





The Founder of the Colossal Astor Fortune.  
**JOHN JACOB ASTOR.**  
(From an Engraving.)



umental fortune at a period when a man who had \$50,000 was thought rich; when a good house could be rented for \$350 a year and when \$750 or \$800 would fully defray the annual expenses of the average well-living family.

The great profits from the fur trade naturally led him into the business of being his own shipowner and shipper, for he was a highly efficient organizer and well understood the needlessness of middlemen. A beaver skin bought for one dollar from the Indian or white trappers in Western New York could be sold in London for six dollars and a quarter. On all other furs there were the same large profits. But, in addition to these, Astor saw that his profits could be still further increased by investing the money that he received from the sale of his furs in England, in English goods and importing them to the United States. By this process, the profit from a single beaver skin could be made to reach ten dollars. At that time the United States depended upon British manufactures for many articles, especially certain grades of woolen goods and cutlery. These were sold at exorbitant profit to the American people. This trade Astor carried on in his own ships.

#### HIS METHODS IN BUSINESS.

It is of the greatest importance to ascertain Astor's methods in his fur trade, for it was fundamentally from this trade that he reaped the enormous sums that enabled him to become a large landowner. What these methods were in his earlier years is obscure. Nothing definite is embodied in any documentary evidence. Not so, however, regarding the methods of the greatest and most successful of his fur gathering enterprises, the

American Fur Company. The "popular writer" referred to before says that the circumstances of Astor's fur and shipping activities are well known. On the contrary, they are distinctly not well known nor have they ever been set forth. None of Astor's biographers have brought them out, if, indeed, they knew of them. And yet these facts are of the most absolute significance in that they reveal the whole foundation of the colossal fortune of the Astor family.

The pursuit and slaughter of fur animals were carried on with such indefatigable vigor in the East that in time that territory became virtually exhausted. It became imperative to push out into the fairly virgin regions of the Mississippi and Missouri Rivers and of the Rocky Mountains. The Northwest Company, a corporation running under British auspices, was then scouring the wilds west and northwest of the Great Lakes. Its yearly shipments of furs were enormous.<sup>3</sup> Astor realized the inconceivably vaster profits which would be his in extending his scope to the domains of the far West, so prolific in opportunities for furs.

In 1808 he incorporated the American Fur Company. Although this was a corporation, he was, in fact, the Company. He personally supplied its initial capital of \$500,000 and dictated every phase of its policy. His first ambitious design was to found the settlement of Astoria in Oregon, but the war of 1812 frustrated plans well under way, and the expedition that he sent out there had to depart.<sup>4</sup> Had this plan succeeded, Astor would have

<sup>3</sup> The extent of its operations and the rapid slaughter of fur animals may be gathered by a record of one year's work. In 1793 this company enriched itself by 106,000 beaver skins, 2,100 bear skins, 1,500 fox skins, 400 kit fox, 16,000 muskrat, 32,000 martin, 1,800 mink, 6,000 lynx, 6,000 wolverine, 1,600 fisher, 100 raccoon, 1,200 dressed deer, 700 elk, 550 buffalo robes, etc.

<sup>4</sup> Astor was accused by a Government agent of betraying the

been, as he rightly boasted, the richest man in the world; and the present wealth of his descendants instead of being \$450,000,000 would be manifold more.

#### MONOPOLY BASED ON FORCE.

Thwarted in his project to get a monopoly of the incalculable riches of furs in the extreme Northwest, he concentrated his efforts on that vast region extending along the Missouri River, far north to the Great Lakes, west to the Rocky Mountains and into the Southwest. It was a region abounding in immense numbers of fur animals and, at that time, was inhabited by the Indian tribes, with here and there a settlement of whites. By means of Government favoritism and the unconcealed American cause at the outbreak of this war. In addition to the American Fur Company, Astor had other fur companies, one of which was the Southwest Company. Under date of June 18, 1818, Matthew Irwin, U. S. factor or agent at Green Bay, Wis., wrote to Thomas L. McKenney, U. S. Superintendent of Indian Affairs: "It appears that the Government has been under an impression [that] the Southwest Company, of which Mr. John Jacob Astor is the head, is strictly an American company, and in consequence, some privileges in relation to trade have been granted to that company." Irwin went on to tell how Astor had obtained an order from Gallatin, U. S. Secretary of the Treasury, allowing him, Astor, to land furs at Mackinac from the British post at St. Joseph's. Astor's agent in this transaction was a British subject. "On his way to St. Joseph's," Irwin continued, "he [Astor's British agent] communicated to the British at Malden that war had been or would be declared. The British made corresponding arrangements and landed on the Island of Mackinac with regulars, Canadians and Indians before the commanding officer there had notice that war would be declared. The same course was about to be pursued at Detroit, before the arrival of troops with Gen. Hull, who, having been on the march there, frustrated it." Irwin declared that Astor's purpose was to save his furs from capture by the British, and concluded: "Mr. Astor's agent brought the furs to Mackinac *in company with the British troops*, and the whole transaction is well known at Mackinac and Detroit."—U. S. Senate Docs., First Session, Seventeenth Congress, 1821-22, Vol. I, Doc. No. 60: 50-51.

exercise of both fraud and force, he obtained a complete monopoly, as complete and arbitrary as ever feudal baron held over seignorial estates. Nominally, the United States Government ruled this great sweep of territory and made the laws and professed to execute them. In reality, Astor's company was a law unto itself. That it employed both force and fraud and entirely ignored all laws enacted by Congress, is as clear as daylight from the Government reports of that period.

The American Fur Company maintained three principal posts or depots of receiving and distribution — one at St. Louis, one at Detroit, the third at Mackinac. In response to an order from Lewis Cass, Secretary of War, to send in complete reports of the fur trade, Joshua Pilcher reported from St. Louis, December 1, 1831:

About this time [1823] the American Fur Company had turned their attention to the Missouri trade, and, as might have been expected, soon put an end to all opposition. Backed, as it was, by any amount of capital, and with skillful agents to conduct its affairs at *every point*, it succeeded by the year 1827, in monopolizing the trade of the Indians on the Missouri, and I have but little doubt will continue to do so for years to come, as it would be rather a hazardous business for small adventurers to rise in opposition to it.<sup>5</sup>

In that wild country where the Government, at best, had an insufficient force of troops, and where the agents of the company went heavily armed, it was distinctly recognized, and accepted as a fact, that no possible competitor's men, or individual trader, dare intrude. To do it was to invite the severest reprisals, not stopping short of outright murder. The American Fur Company overawed and dominated everything; it defied the Gov-

<sup>5</sup> Document No. 90, U. S. Senate, First Session, 22d Congress, ii: 30.

ernment's representatives and acknowledged no authority superior to itself and no law other than what its own interests demanded. The exploitation that ensued was one of the most deliberate, cruel and appalling that has ever taken place in any country.

#### THE DEBAUCHING OF INDIANS.

If there was any one serious crime at that time it was the supplying of the Indians with whisky. The Government fully recognized the baneful effects of debauching the Indians, and enacted strict laws with harsh penalties. Astor's company brazenly violated this law, as well as all other laws conflicting with its profit interests. It smuggled in prodigious quantities of rum. The trader's ancient trick of getting the Indians drunk and then swindling them of their furs and land was carried on by Astor on an unprecedented scale. To say that Astor knew nothing of what his agents were doing is a palliation not worthy of consideration; he was a man who knew and attended to even the pettiest details of his varied business. Moreover, the liquor was despatched by his orders direct by ship to New Orleans and from thence up the Mississippi to St. Louis and to other frontier points. The horrible effects of this traffic and the consequent spoliation were set forth by a number of Government officers.

Col. J. Snelling, commanding the garrison at Detroit, sent an indignant protest to James Barbour, Secretary of War, under date of August 23, 1825. "He who has the most whisky, generally carries off the most furs," wrote Col. Snelling, and then continued:

The neighborhood of the trading houses where whisky is sold, presents a disgusting scene of drunkenness, debauchery

and misery; it is the fruitful source of all our difficulties, and of nearly all the murders committed in the Indian country. . . . For the accommodation of my family I have taken a house three miles from town, and in passing to and from it, I have daily opportunities of seeing the road strewed with the bodies of men, women and children, in the last stages of brutal intoxication. It is true there are laws in this territory to restrain the sale of whisky, but they are not regarded. . . .<sup>6</sup>

Col. Snelling added that during that year there had been delivered by contract to an agent of the North American Fur Company, at Mackinac (he meant the American Fur Company which, as we have seen, had one of its principal headquarters at that post and maintained a monopoly there), 3,300 gallons of whisky and 2,500 gallons of high wines. This latter liquor was preferred by the agents, he pointed out, as it could be "increased at pleasure." Col. Snelling went on: "I will venture to add that an inquiry into the manner in which the Indian trade is conducted, especially by the North American Fur Company, is a matter of no small importance to the tranquillity of the borders."<sup>7</sup>

#### VIOLETION OF LAWS.

A similar report was made the next winter by Thomas L. McKenney, Superintendent of Indian Affairs, to the

<sup>6</sup> Document No. 58, U. S. Senate Docs. First Session, 19th Congress: 7-8.

<sup>7</sup> *Ibid.* That the debauching of the Indians was long continuing was fully evidenced by the numerous communications sent in by Government representatives. The following is an extract from a letter written on October 6, 1821, by the U. S. Indian Agent at Green Bay to the Superintendent of Indian Affairs (or Indian Trade): "Mr. Kinzie, son to the sub Indian Agent at Chicago, and agent for the American Fur Company, has been detected in selling large quantities of whisky to the Indians at and near Milwaukee of Lake Michigan."—Senate Docs., First Session, Seventeenth Congress, 1821-22, Vol. I, Doc. No. 60: 54.



Secretary of War. In a communication dated Feb. 14, 1826, McKenney wrote that "the forbidden and destructive article, whisky, is considered so essential to a lucrative commerce, as not only to still those feelings [of repugnance] but lead the traders to brave the most imminent hazards, and evade, by various methods the threatened penalties of law." The superintendent proceeded to tell of the recent seizure by General Tipton, Indian Agent at Fort Wayne, of an outfit in transit containing a considerable supply of whisky, which was owned in large part, he says, by the American Fur Company. He then continued: "The trader with the whisky, it must be admitted, is certain of getting the most furs. . . . There are many honorable and high-minded citizens in this trade, but expediency overcomes their objections and reconciles them for the sake of the profits of the trade."<sup>8</sup>

In stating this fact, McKenney was unwittingly enunciating a profound truth, the force of which mankind is only now beginning to realize, that the pursuit of profit will transform natures inherently capable of much good into sordid, cruel beasts of prey, and accustom them to committing actions so despicable, so inhuman, that they would be terrified were it not that the world is under the sway of the profit system and not merely excuses and condones, but justifies and throws a glamour about, the unutterable degradations and crimes which the profit system calls forth.

Living in a more advanced time, in an environment adjusted to bring out the best, instead of the worst, Astor and his henchmen might have been men of supreme goodness and gentleness. As it was, they lived at a period when it was considered the highest, most astute

<sup>8</sup> Doc. No. 58: 10.

and successful form of trade to resort to any means, however base, to secure profits. Let not too much ignominy be cast upon their memories; they were but creatures of their time; and their time was not that "golden age," so foolishly pictured, but a wild, tempestuous, contending struggle in which every man was at the throat of his fellowman, and in a vortex which statesmen, college professors, editors, political economists, all praised and sanctified as "progressive civilization."

Like all other propertied interests, Astor's company regarded the law as a thing to be rigorously invoked against the poor, the helpless and defenseless, but as not to be considered when it stood in the way of the claims, designs and pretensions of property. Superintendent McKenney reported that all laws in the Indian country were inoperative—so much dead matter. Andrew S. Hughes, reporting from St. Louis, Oct. 31, 1831, to Lewis Cass, Secretary of War, wrote:

. . . The traders that occupy the largest and most important space in the Indian country are the agents and engagees of the American Fur Trade Company. They entertain, as I know to be the fact, no sort of respect for our citizens, agents, officers or the Government, or its laws or general policy.

After describing the "baneful influence of these persons," Hughes went on:

The capital employed in the Indian trade must be very large, especially that portion which is employed in the annual purchase of whisky and alcohol into the Indian country for the purpose of trade with the Indians. It is not believed that the superintendent is ever applied to for a permit for the one-hundredth gallon that is taken into the Indian country. The whisky is sold to the Indians in the face of the [Government] agents. Indians are made drunk, and, of course, behave badly. . . .

## PROFIT AND ITS RESULTS.

Not only, however, were the Indians made drunk with the express purpose of befuddling and swindling them,<sup>9</sup> but in the very commission of this act, an enormous profit was made on the sale of the whisky. Those who may be inclined to recoil with horror at the historic contemplation of this atrocity, will do well to remember that this was simply one manifestation of the ethics of the trading class—the same class which formed and ruled government, made and interpreted laws, and constituted the leading, superior and exclusive groups of high society. Hughes continued:

I am informed that there is but little doubt, but a clear gain of more than fifty thousand dollars has been made this year on the sale of whisky to the Indians on the river Missouri; the *prices are from \$25 to \$50 a gallon*. Major Morgan, United States sutler at Cantonment Leavenworth, says that thousands of gallons of alcohol has passed that post during the present year, destined for the Indian country.<sup>10</sup>

These official reports were supplemented by another on the same subject from William M. Gordon to General

<sup>9</sup> Of this fact there can be no doubt. Writing on February 27, 1822, to Senator Henry Johnson, chairman of the U. S. Senate Committee on Indian Affairs, Superintendent McKenney said: “. . . The Indians, it is admitted, are good judges of the articles in which they deal, and, generally when they are permitted to be sober, they can detect attempts to practise fraud upon them. The traders knowing this (however, few of the Indians are permitted to trade without a previous preparation in the way of liquor,) would not be so apt to demand exorbitant prices. . . . This may be illustrated by the fact, as reported to this office by Matthew Irwin, that previous to the establishment of the Green Bay factory [agency] as much as one dollar and fifty cents had been demanded by the traders of the Indians, and received, for a brass thimble, and eighteen dollars for one pound of tobacco!”—U. S. Senate Docs., First Session, Seventeenth Congress, 1821-22, Vol. I, Document No. 60: 40.

<sup>10</sup> Document No. 90, U. S. Senate Docs., First Session, 22d Congress, ii: 23-24.

William Clark, at that time Superintendent of Indian Affairs. In his report, Gordon, writing from St. Louis, pointed out that, "whisky, though not an authorized article, has been a principal, and I believe a very lucrative one for the last several years."<sup>10a</sup>

What a climax of trading methods, first to debauch the Indians systematically in order to swindle them, and then make a large revenue on the rum that enabled the company to do it! Undoubtedly it was by these means that Astor became possessed of large tracts of land in Wisconsin and elsewhere in the West. But the methods thus far enumerated were but the precursors of others. When the Indians were made maudlin drunk and bargained with for their furs were they paid in money? By no means. The American Fur Company had another trick in reserve. Astor employed the cunning expedient of exchanging merchandise for furs. Large quantities of goods, especially woollens, made by underpaid adult and child labor in England and America, and representing the sweat and suffering of the labor of the workers, were regularly shipped by him to the West. For these goods the Indians were charged one-half again or more what each article cost after paying all expenses of transportation.<sup>11</sup> Reporting from St. Louis, Oct. 24, 1831, in a communication to the Secretary of War, Thomas Forsyth gave a description of this phase of the American Fur Company's dealings. He said:

<sup>10a</sup> Ibid: 54.

<sup>11</sup> For a white 3 point blanket which cost \$4.00 they were charged \$10; for a beaver trap costing \$2.50, the charge was \$8; for a rifle costing \$11 they had to pay \$30; a brass kettle which Astor could buy at 48 cents a pound, he charged the Indians \$30 for; powder cost him 20 cents a pound; he sold it for \$4 a pound; he bought tobacco for 10 cents a pound and sold it at the rate of five small twists for \$6, etc., etc., etc.

In the autumn of every year [when the hunting season began] the trader carefully avoids giving credit to the Indians on many costly articles such as silver works, wampum, scarlet cloth, fine bridles, etc., etc., as also a few woolens, such as blankets, strouds, etc., unless it be to an Indian whom he knows will pay all his debts. In that case he will allow the Indian, on credit, everything he wishes.

Traders always prefer giving credit on gunpowder, flints, lead, knives, tomahawks, hoes, domestic cottons, etc.; which they do *at the rate of 300 or 400 per cent*, and if one-fourth of the price of these articles be paid, he is amply remunerated.<sup>12</sup>

Nor were these the final injustices and infamies heaped upon the untutored aborigines. It was not enough that they should be pillaged of their possessions; that the rights guaranteed them by the solemn treaties of Government should be blown aside like so much waste paper by the armed force of the American Fur Company; that whole tribes should be demoralized with rum and then defrauded; that shoddy merchandise, for which generally no market could be found elsewhere, should be imposed upon them at such incredibly high prices, that they were bound to be beggared.<sup>13</sup> These methods were not enough. Never were human beings so frightfully exploited as these ignorant, unsophisticated savages of the West. Through the long winters they roamed the forests and the prairies, and assiduously hunted for furs which eventually were to clothe and adorn the aristocracy of America, Europe and Asia. When in the spring they came

<sup>12</sup> Document No. 90: 72.

<sup>13</sup> Many of the tribes, the Government reports show, not only yielded up to Astor's company the whole of their furs, but were deeply in debt to the company. In 1829 the Winnebagoes, Sacs and Foxes owed Farnham & Davenport, agents for the American Fur Company among those tribes, \$40,000; by 1831 the debts had risen to \$50,000 or \$60,000. The Pawnees owed fully as much, and the Cherokees, Chickasaws, Sioux and other tribes were heavily in debt.—Doc. No. 90: 72.

in with their spoil, they were, with masterly cunning, artfully made intoxicated and then robbed. Not merely robbed in being charged ruinous prices for merchandise, but robbed additionally in the weight of their furs. Forsyth relates that for every dollar in merchandise that the Astor company exchanged for furs, the company received \$1.25 or \$1.50 in fur values, undoubtedly by the trader's low trick of short weighing.

#### A LONG RECORD OF VIOLENCE.

In law the Indian was supposed to have certain rights, but Astor's company not only ignored but flouted them. Now when the Indians complained, what happened? Did the Government protect them? The Government, and especially the courts, were quick and generous in affording the greatest protection and the widest latitude to Astor's company. But when the Indians resented the robberies and injustices to which they were subjected beyond bearing, they were murdered. They were murdered wantonly and in cold blood; and then urgent alarmist representations would be sent to Washington that the Indians were in a rebellious state, whereupon troops would be punitively hurried forth to put them down in slaughter. In turn, goaded by an intense spirit of revenge, the Indians would resort to primitive force and waylay, rob and murder the white agents and traders.<sup>14</sup>

From 1815 to 1831 more than 150 traders were robbed and killed by Indians.<sup>15</sup> Many of these were Astor's men. But how many Indians were killed by the whites has never been known, nor apparently was there any

<sup>14</sup> Forsyth admits that in practically all of these murders the whites were to blame.—Doc. No. 90:76.

<sup>15</sup> Doc. No. 90.—This is but a partial list. The full list of the murdered whites the Government was unable to get.

solicitude as to whether the number was great or small.

What did Astor pay his men for engaging in this degrading and dangerous business? Is it not a terrifying commentary on the lengths to which men are forced to go in quest of a livelihood, and the benumbing effects on their sensibilities, that Astor should find a host of men ready to seduce the Indians into a state of drunkenness, cheat and rob them, and all this only to get robbed and perhaps murdered in turn? For ten or eleven months in the year Astor's subaltern men toiled arduously through forest and plain, risking sickness, the dangers of the wilderness and sudden death. They did not rob because it benefited them; it was what they were paid to do; and it was likewise expected of them that they should look upon the imminent chances of death as a part of their contract.

For all this what was their pay? It was the trifling sum of \$130 for the ten or eleven months. But this was not paid in money. The poor wretches who gave up their labor, and often their health and lives, for Astor were themselves robbed, or their heirs, if they had any. Payment was nearly always made in merchandise, which was sold at exorbitant prices. Everything that they needed they had to buy at Astor's stores; by the time that they had bought a year's supplies they not only had nothing coming to them, but they were often actually in debt to Astor.

But Astor — how did he fare? His profits from the fur trade of the West were truly stupendous for that period. He, himself, might plead to the Government that the company was in a decaying state of poverty. These pleas deceived no one. It was characteristic of his habitual deceit that he should petition the Government for a duty on foreign furs on the ground that the com-

pany was being competed with in the American markets by the British fur companies. At this very time Astor held a virtual monopoly of fur trading in the United States. One need not be surprised at the grounds of such a plea. Throughout the whole history of the trading class, this pathetic and absurdly false plea of poverty has incessantly been used by this class, and used successfully, to get further concessions and privileges from a Government which reflected, and represented, its interests. Curiously, enough, however, if a mendicant used the same plea in begging a mite of alms on the streets, the law has invariably regarded him as a vagrant to be committed to the Workhouse.

#### ASTOR'S ENORMOUS PROFITS.

At about the identical time that John Jacob Astor was persistently complaining that the company was making no money, his own son and partner, William B. Astor, was writing from New York on Nov. 25, 1831, to the Secretary of War, that the company had a capital of about \$1,000,000 and that, "You may, however, estimate our annual returns at half a million dollars."<sup>16</sup> Not less than \$500,000 annual revenues on a capital of \$1,000,000! These were inconceivably large returns for the time; Thomas J. Dougherty, Indian Agent at Camp Leavenworth, estimated that from 1815 to 1830 the fur trade on the Missouri and its waters had yielded returns amounting to \$3,330,000 with a clear profit of \$1,650,000. This was unquestionably a considerable underestimate.

It is hardly necessary to say that Astor, as the responsible head and beneficiary of the American Fur Company, was never prosecuted for the numerous violations of both

<sup>16</sup> Document No. 90: 77.



penal and civil laws invariably committed by his direction and for his benefit. With the millions that rolled in, he was not only able to command the services of the foremost lawyers in warding off the penalties of law, but to have as his paid retainers some of the most noted and powerful politicians of the day.<sup>17</sup> Senator Benton, of Missouri, a leading light in the Democratic party, was not only his legal representative in the West and fought his cases for him, but as United States Senator introduced in Congress measures which Astor practically drafted and the purport of which was to benefit Astor and Astor alone. Thus was witnessed a notorious violator of the law, invoking aid of the law to enrich himself still further,—a condition which need not arouse exceptional criticism, since the whole trading class in general did precisely the same thing.

<sup>17</sup> Some of the original ledgers of the American Fur Company were put on exhibition at Anderson's auction rooms in New York city in March, 1909. One entry showed that \$35,000 had been paid to Lewis Cass for services not stated. Doubtless, Astor had the best of reasons for not explaining that payment; Cass was, or had been, the Governor of Michigan Territory, and he became the identical Secretary of War to whom so many complaints of the crimes of Astor's American Fur Company were made.

The author personally inspected these ledgers. The following are some extracts from a news account in the New York "Times," issue of March 7, 1909, of the exhibition of the ledgers:

"They cover the business of the Northern Department from 1817 to 1835, and consist of six folio volumes of about 1,000 pages each, in two stout traveling cases, fitted with compartments, lock and key. It is said that these books were missing for nearly seventy-five years, and recently escaped destruction by the merest accident.

"The first entry is April 1, 1817. There are two columns, one for British and the other for American money. An entry, May 3, 1817, shows that Lewis Cass, then Governor of Michigan Territory and afterward Democratic candidate for the Presidency against Gen. Zachary Taylor, the successful Whig candidate, took about \$35,000 of the Astor money from Montreal to Detroit, in consideration of something which is not set down."

## CHAPTER III

### THE GROWTH OF THE ASTOR FORTUNE

While at the outposts, and in the depths, of the Western wilderness an armed host was working and cheating for Astor, and, in turn, being cheated by their employer; while, for Astor's gain, they were violating all laws, debauching, demoralizing and beggaring entire tribes of Indians, slaying and often being themselves slain in retaliation, what was the beneficiary of this orgy of crime and bloodshed doing in New York?

For a long time he lived at No. 223 Broadway in a large double house, flanked by an imposing open piazza supported by pillars and arches. In this house he combined the style of the ascending capitalist with the fittings and trappings of the tradesman. It was at once residence, office and salesroom. On the ground floor was his store, loaded with furs; and here one of his sons and his chief heir, William B. could be seen, as a lad, assiduously beating the furs to keep out moths. Astor's disposition was phlegmatic and his habits were extremely simple and methodical. He had dinner regularly at three o'clock, after which he would limit himself to three games of checkers and a glass of beer. Most of his long day was taken up with close attention to his many business interests of which no detail escaped him. However execrated he might be in the Indian territories far in the West, he assumed, and somewhat succeeded in be-

ing credited with, the character of a patriotic, respectable and astute man of business in New York.

#### ASTOR SUPERIOR TO LAW.

During (taking a wide survey) the same series of years that he was directing gross violations of explicit laws in the fur-producing regions — laws upon the observance of which depended the very safety of the life of men, women and children, white and red, and which laws were vested with an importance corresponding with the baneful and bloody results of their infraction — Astor was turning other laws to his distinct advantage in the East. Pillaging in the West the rightful and legal domain, and the possessions, of a dozen Indian tribes, he, in the East, was causing public money to be turned over to his private treasury and using it as personal capital in his shipping enterprises.

As applied to the business and landowning class, law was notoriously a flexible, convenient, and highly adaptable function. By either the tacit permission or connivance of Government, this class was virtually, in most instances, its own law-regulator. It could consistently, and without being seriously interfered with, violate such laws as suited its interests, while calling for the enactment or enforcement of other laws which favored its designs and enhanced its profits. We see Astor ruthlessly brushing aside, like so many annoying encumbrances, even those very laws which were commonly held indispensable to a modicum of fair treatment of the Indians and to the preservation of human life. These laws happened to conflict with the amassing of profits; and always in a civilization ruled by the trading class,

laws which do this are either unceremoniously trampled upon, evaded or repealed.

For all the long-continued violations of law in the West, and for the horrors which resulted from his exploitation of the Indians, was Astor ever prosecuted? To repeat, no; nor was he disturbed even by such a triviality as a formal summons. Yet, to realize the full enormity of acts for which he was responsible, and the complete measure of immunity that he enjoyed, it is necessary to recall that at the time the Government had already begun to assume the rôle of looking upon the Indians as its wards, and thus of theoretically extending to them the shield of its especial protection. If Government allowed a people whom it pleased to signify as its wards to be debauched, plundered and slain, what kind of treatment could be expected for the working class as to which there was not even the fiction of Government concern, not to mention wardship?

#### LAW BREAKERS AND LAW MAKERS.

But when it came to laws which, in the remotest degree, could be used or manipulated to swell profits or to buttress property, Astor and his class were untiring and vociferous in demanding their strict enforcement. Successfully ignoring or circumventing laws objectionable to them, they, at the same time, insisted upon the passage and exact construction and severe enforcement of laws which were adjusted to their interests. Law breakers, on the one hand, they were law makers on the other. They caused to be put in statute, and intensified by judicial precedent, the most rigorous laws in favor of property rights. They virtually had the extraordinary power of choosing what laws they should observe and what they

should not. This choice was invariably at the expense of the working class. Law, that much-sanctified product, was really law only when applied to the propertyless. It confronted the poor at every step, was executed with summary promptitude and filled the prisons with them. Poverty had no choice in saying what laws it should obey and what it should not. It, perforce, had to obey or go to prison; either one or the other, for the laws were expressly drafted to bear heavily upon it.

It is illustrative, in the highest degree, of the character of Government ruled by commercial interests, that Astor was allowed to pillage and plunder, cheat, rob and (by proxy) slaughter in the West, while, in the East, that same Government extended to him, as well as to other shippers, the free use of money which came from the taxation of the whole people—a taxation always weighted upon the shoulders of the worker. In turn, this favored class, either consciously or unconsciously, voluntarily or involuntarily, cheated the Government of nearly half of the sums advanced. From the foundation of the Government up to 1837, there were nine distinct commercial crises which brought about terrible hardships to the wage workers. Did the Government step in and assist them? At no time. But during all those years the Government was busy in letting the shippers dig into the public funds and in being extremely generous to them when they failed to pay up. From 1789 to 1823 the Government lost more than \$250,000,000 in duties,<sup>1</sup> all of which sum represented what the shippers owed and did not, or could not, pay. And no criminal proceedings were brought against any of these defaulters.

<sup>1</sup> Doc. No. 13, *Worcester Papers*, Second Session, 18th Congress, Vol. ii.

This, however, was not all that the Government did for the favored, pampered class that it represented. Laws were severe against labor-union strikes, which were frequently judicially adjudged conspiracies. Theoretically, law inhibited monopoly, but monopolies existed, because law ceases to be effective law when it is not enforced; and the propertied interests took care that it was not enforced. Their own class was powerful in every branch of Government. Furthermore, they had the money to buy political subserviency and legal dexterity. The \$35,000 that Astor paid to Cass, the very official who, as Secretary of War, had jurisdiction over the Indian tribes and over the Indian trade, and the sums that Astor paid to Benton, were, it may well be supposed, only the merest parts of the total sums that he disbursed to officials and politicians, high and low.

#### ASTOR'S MONOPOLIES.

Astor profited richly from his monopolies. His monopoly of furs in the West was made a basis for the creation of other monopolies. China was a voracious and highly profitable market for furs. In exchange for the cargoes of these that he sent there, his ships would be loaded with teas and silks. These products he sold at exorbitant prices in New York. His profits from a single voyage sometimes reached \$70,000; the average profits from a single voyage were \$30,000. During the War of 1812-15 tea rose to double its usual price. Astor was invariably lucky in that his ships escaped capture. At one period he was about the only merchant who had a cargo of tea in the market. He exacted, and was allowed to exact, his own price.

Meanwhile, Astor was setting about making himself the richest and largest landowner in the country. His

were not the most extensive land possessions in point of extent but in regard to value. He aimed at being a great city, not a great rural, landlord. It was estimated that his trade in furs and associated commerce brought him a clear annual revenue of about two million dollars. This estimate was palpably inadequate. Not only did he reap enormous profits from the fur trade, but also from banking privileges in which he was a conspicuous factor.

It was on one of his visits to London, so the recital goes, that he first became possessed of the idea of founding an extraordinarily rich landed family. He admired, it is told, the great landed estates of the British nobility, and observed the prejudice against the caste of the trader and the corresponding exalted position of the landowner. Whether this story is true or not, it is evident that he was impressed with the increasing power and the stability of a fortune founded upon land, and how it radiated a certain splendid prestige. The very definition of the word landlord—lord of the soil—signified the awe-compelling and authoritative position of him who owned land—a definition heightened and enforced in a thousand ways by the laws.

The speculative and solid possibilities of New York City real estate held out dazzling opportunities gratifying his acquisitiveness for wealth and power—the wealth that fed his avarice, and the power flowing from the dominion of riches.

#### ASTOR NOT AN EXCEPTION.

It may here be observed that Astor's methods in trade or in acquiring of land need not be indiscriminately condemned as an exclusive mania. Nor should they be held up to the curiosity of posterity as a singular and pernicious exhibition, detached from his time and generation,

and independent of them. Again and again the facts disclose that men such as he were merely the representative crests of prevailing commercial and political life. Substantially the whole propertied class obtained its wealth by methods which, if not the same, had a strong relationship. His methods differed nowise from those of many cotton planters of the South who stole, on a monstrous scale,<sup>2</sup> Government land and then with the wealth derived from their thefts, bought negro slaves, set themselves up in the glamour of a patriarchal aristocracy and paraded a florid display of chivalry and honor. And it was this same grandiose class that plundered Whitney of the fruits of his invention of the cotton-gin and shamelessly defrauded him.<sup>3</sup>

<sup>2</sup> "Stole on a monstrous scale." The land frauds, by which many of the Southern planters obtained estates in Louisiana, Mississippi and other States were a national scandal. Benjamin F. Linton, United States Attorney for Western Louisiana, reported to President Andrew Jackson on August 27, 1835, that in seizing possession of Government land in that region "the most shameful frauds, impositions and perjuries had been committed in Louisiana." Sent to investigate, V. M. Garesche, an agent of the Government Land Office, complained that he could get no one to testify. "Is it surprising," he wrote to the Secretary of the Treasury, "when you consider that those engaged in this business belong to every class of society from the member of the Legislature (if I am informed correctly) down to the quarter quarter-section settler!" Up to that time the Government held title to immense tracts of land in the South and had thrown it open to settlers. Few of these were able to get it, however. Southern plantation men and Northern capitalists and speculators obtained possession by fraud. "A large company," Garesche reported, "was formed in New York for the purpose, and have an agent who is continually scouring the country." The final report was a whitewashing one; hence, none of the frauds was sent to jail.—Doc. No. 168, Twenty-fourth Congress, 2d Session, ii:4-25, also Doc. No. 213, *Ibid*.

<sup>3</sup> "America," admits Houghton, "never presented a more shameful spectacle than was exhibited when the courts of the cotton-growing regions united with the piratical infringers of Whitney's rights in robbing their greatest benefactor. . . . In spite of the far-reaching benefits of his invention, he had not realized one dollar above his expenses. He had given millions upon millions of dollars to the cotton-growing states, he had



Far more flagrant, however, were the means by which other Southern plantation owners and business firms secured landed estates in Alabama, Georgia and in other States. Their methods in expropriating the reservations of such Indian tribes as the Creeks and Chickasaws were not less fraudulent than those that Astor used elsewhere. They too, those fine Southern aristocrats, debauched Indian tribes with whisky, and after swindling them of their land, caused the Government to remove them westward. The frauds were so extensive, and the circumstances so repellant, that President Andrew Jackson, in 1833, ordered an investigation. From the records of this investigation,—four hundred and twenty-five solid pages of official correspondence—more than enough details can be obtained.<sup>4</sup>

opened the way for the establishment of the vast cotton-spinning interests of his own country and Europe, and yet, after fourteen years of hard labor, he was a poor man, the victim of wealthy, powerful, and, in his case, a dishonest class.”—“Kings of Fortune”: 337. All other of Whitney's biographers relate likewise.

<sup>4</sup> See Senate Documents, First Session, 24th Congress, 1835, Vol. vi, Doc. No. 425. A few extracts from the great mass of correspondence will lucidly show the nature of the fraudulent methods. Writing from Columbus, Georgia, on July 15, 1833, Col. John Milton informed the War Department . . . “Many of them [the Indians] are almost starved, and suffer immensely for the things necessary to the support of life, and are sinking in moral degradation. They have been much corrupted by white men who live among them, who induce them to sell to as many different individuals as they can, and then cheat them out of the proceeds.” . . . (p. 81.) Luther Blake wrote to the War Department from Fort Mitchell, Alabama, on September 11, 1833 . . . “Many, from motives of speculation, have bought Indian reserves fraudulently in this way—take their bonds for trifles, pay them ten or twenty dollars in something they do not want, and take their receipts for five times the amount . . . (p. 86). On February 1, 1834, J. H. Howard, of Pole-Cat Springs, Creek Nation, sent a communication, by request, to President Jackson in which he said, . . . “From my own observation, I am induced to believe that a number of reservations have been paid for at some nominal price, and the principal consideration has been whisky and hognespun” . . . (p. 104). Gen. J. W. A. Sandford, sent by President Jackson

## WHERE WAS FRAUD ABSENT?

In Wisconsin the most valuable Government lands, containing rich deposits of lead and other mineral ore, were being boldly appropriated by force and fraud. The House Committee on Public Lands reported on December 18, 1840, that with the connivance of local land agents, these lands, since 1835, had been sold at private sale before they were even subject to public entry.<sup>5</sup> "In consequence of which," the Committee stated, "many tracts of land known to be rich and valuable mineral lands for many years, and known to be such at the time of the entry, have been entered by evil-minded persons, who have falsely made, or procured others to make, the oath required by the land offices. Honest men have been excluded from the purchase of these lands, while the dishonest and unscrupulous have been permitted to enter them by means of false oath and fraud."<sup>6</sup>

These are but the merest glimpses of the widespread frauds in seizing land, whether agricultural, timber or mineral. What of the mercantile importers, the same class that the Government so greatly favored in allowing it long periods in which to pay its customs duties? It was defrauding the Government on the very importations

to the Creek country to investigate the charges of fraud, wrote, on March 1, 1834, to the War Department, . . . "It is but very recently that the Indian has been invested with an individual interest in land, and the great majority of them appear neither to appreciate its possession, nor to economize the money for which it is sold; the consequence is, that the white man rarely suffers an opportunity to pass by without swindling him out of both" . . . (p. 110).

The records show that the principal beneficiaries of these swindles were some of the most conspicuous planters, mercantile firms and politicians in the South. Frequently, they employed dummies in their operations.

<sup>5</sup> Reports of House Committees, Second Session, 26th Congress, 1840-41, Report No. 1.

<sup>6</sup>Ibid., 1 and 2.

on which it was extended long-time credit for customs payments. The few official reports available clearly indicate this. Great frauds were continuously going on in the importations of lead.<sup>7</sup> Large quantities of sugar were imported in the guise of molasses which, it was discovered, after being boiled a few minutes, would produce an almost equal weight in brown sugar.<sup>8</sup> Doubtless similar frauds were being committed in other lines of importations. Between the methods of these divisions of the capitalist class, and those of Astor, no basic difference can be discerned.

Neither was there any essential difference between Astor's methods and those of the manufacturing capitalists of the North who remorselessly robbed Charles Goodyear of the benefits of his discovery of vulcanized rubber and who drove him, after protracted litigation, into insolvency, and caused him to die loaded down with worries and debts, a broken-down man, at the age of 60.<sup>9</sup> As for that pretentious body of gentry who professed to spread enlightenment and who set themselves high and solemnly on a pinnacle as dispensers of knowledge and molders of public opinion—the book, periodical and newspaper publishers—their methods at bottom were as fraudulent as any that Astor ever used. They mercilessly robbed and knew it, while making the most hypocritical professions of lofty motives. Buried deep in the

<sup>7</sup> Executive Documents, First Session, 23rd Congress, 1833-34, Doc. No. 132.

<sup>8</sup> Senate Documents, First Session, 22nd Congress, 1831-33, Vol. iii, Doc. No. 139.

<sup>9</sup> "No inventor," reported the United States Commissioner of Patents in 1858, "probably has ever been so harassed, so trampled upon, so plundered by that sordid and licentious class of infringers known in the parlance of the world, with no exaggeration of phrase as 'pirates.' The spoliation of their incessant guerilla upon his defenseless rights have unquestionably amounted to millions."

dusty archives of the United States Senate is a petition whereon appear the signatures of Moore, Carlyle, the two Disraelis, Milman, Hallam, Southey, Thomas Campbell, Sir Charles Lyell, Bulwer Lytton, Samuel Rogers, Maria Edgeworth, Harriet Martineau and other British literary luminaries, great or small. In this petition these authors, some of them representing the highest and finest in literary, philosophical, historical, and scientific thought and expression, implore Congress to afford them protection against the indiscriminate theft of their works by American booksellers. Their works, they set forth, are not only appropriated without their consent but even contrary to their expressed desire. And there is no redress. Their productions are mutilated and altered, yet their names are retained. They instance the pathetic case of Sir Walter Scott. His works have been published and sold from Maine to the Gulf of Mexico, yet not a cent has he received. "An equitable remuneration," they set forth, "might have saved his life, and would, at least have relieved his closing years from the burdens of debts and destructive toils."<sup>10</sup>

How fares this petition read in the United States Senate on February 2, 1837? The booksellers, magazine, periodical and newspaper publishers have before succeeded in defeating one copyright bill. They now bestir themselves again; the United States Senate consigns the petition to the archives; and the piracy goes on as industriously as ever.

#### LEGALIZED PIRACY IN ALL BRANCHES OF TRADE.

What else could be expected from a Congress which represented the commercial and land-holding classes?

<sup>10</sup> Doc. No. 134. Twenty-fourth Congress, 2d Session, Vol. ii.

No prodding was needed to cause it to give the fullest protection to possessions in commerce, land and negro slaves; these were concrete property. But thought was not capitalized; it was not a manufactured product like iron or soap. Nothing can express the pitying contempt or the lofty air of patronization with which the dominant commercial classes looked down upon the writer, the painter, the musician, the philosopher or the sculptor. Regarding these "sentimentalists" as easy, legitimate and defenseless objects of prey, and as incidental and impractical hangers-on in a world where trade was all in all, the commercial classes at all times affected a certain air of encouragement of the fine arts, which encouragement, however, never attempted to put a stop to piracies of publication or reproduction. How sordidly commercial that era was, to what extremes its standards went, and how some of the basest forms of theft were carried on and practically legalized, may be seen by the fate of Peter Cardelli's petition to Congress. Cardelli was a Roman sculptor, residing in the United States for a time. He prays Congress in 1820 to pass an act protecting him from commercial pirates who make casts and copies of his work and who profit at his expense. The Senate Committee on Judiciary, to whom the petition is referred, rejects the plea. On what ground? Because he "has not discovered any new invention on which he can claim the right."<sup>11</sup> Could stupidity go further?

All of the confluent facts of the time show conclusively that every stratum of commercial society was permeated with fraud, and that this fraud was accepted generally as a routine fixture of the business of gathering property or profits. Astor, therefore, was not an isolated phenomenon, but a typically successful representative of

<sup>11</sup> Doc. 129, State Papers, 1819-21, Vol. ii.

his time and of the methods and standards of the trading class of that time.

Whatever in the line of business yielded profits, that act, whether cheating, robbing or slaughtering, was justified by some sophistry or other. Astor did not debauch, spoliage, and incite slaughter because he took pleasure in doing them. Perhaps — to extend charitable judgment — he would have preferred to avoid them. But they were all part of the formulated necessities of business which largely decreed that the exercise of humane and ethical considerations was incompatible with the zealous pursuit of wealth.

In the wilderness of the West, Astor, operating through his agents, could debauch, rob and slay Indians with impunity. As he was virtually the governing body there, without fear of being hindered, he thus could act in the most high-handed, arbitrary and forcible ways. In the East, however, where law, or the forms of law, prevailed, he had to have recourse to methods which bore no open trace of the brutal and sanguinary. He had to become the insidious and devious schemer, acting through sharp lawyers instead of by an armed force. Hence in his Eastern operations he made deception a science and used every instrument of cunning at his command. The result was precisely the same as in the West, except that the consequences were not so overt, and the perpetration could not be so easily distinguished. In the West, death marched step by step with Astor's accumulating fortune; so did it in the East, but it was not open and bloody as in the fur country. The mortality thus accompanying Astor's progress in New York was of that slow and indefinite, but more lingering and agonizing, kind ensuing from want, destitution, disease and starvation.

Astor's supreme craft was at no time better shown than by the means by which he acquired possession of an immense estate in Putnam County, New York. During the Revolution, a tract consisting of 51,012 acres held by Roger Morris and Mary his wife, Tories, had been confiscated by New York State. This land, it is worth recalling, was part of the estate of Adolphus Phillips, the son of Frederick who, as has been set forth, financed and protected the pirate Captain Samuel Burgess in his buccaneer expeditions, and whose share of the Burgess' booty was extremely large.<sup>12</sup> Mary Morris was a descendant of Adolph Phillips and came into that part of the property by inheritance. The Morris estate comprised nearly one-third of Putnam County. After confiscation, the State sold the area in parts to various farmers. By 1809 seven hundred families were settled on the property, and not a shadow of a doubt had ever been cast on their title. They had long regarded it as secure, especially as it was guaranteed by the State.

#### A NOTED LAND TRANSACTION.

In 1809 a browsing lawyer informed Astor that those seven hundred families had no legal title whatever; that the State had had no legal right to confiscate the Morris property, inasmuch as the Morrises held a life lease only, and no State could ever confiscate a life lease. The property, Astor was informed, was really owned by the children of the Morris couple, to whom it was to revert after the lease of their parents was extinguished. Legally, he was told, they were as much the owners as ever. Astor satisfied himself that this point would hold in the courts. Then he assiduously hunted up the heirs, and by a series of strategic maneuvers worthy of the pen

<sup>12</sup> See Part I, Chapter II.

of a Balzac, succeeded in buying their claim for \$100,000.

In the thirty-three years which had elapsed since confiscation, the land had been greatly improved. Suddenly came a notification to these unsuspecting farmers that not they, but Astor, owned the land. All the improvements that they had made, all the accumulated standing products of the thirty-three years' labor of the occupants, he claimed as his, by virtue of the fact that, in law, they were trespassers. Dumfounded, they called upon him to prove his claim. Whereupon his lawyers, men saturated with the terminology and intricacies of legal lore, came forward and gravely explained that the law said so and so and was such and such and that the law was incontestible in support of Astor's claim. The hard-working farmers listened with mystification and consternation. They could not make out how land which they or their fathers had paid for, and which they had tilled and improved, could belong to an absentee who had never turned a spade on it, had never seen it, all simply because he had the advantage of a legal technicality and a document emblazoned with a seal or two.

#### THE PUBLIC UPROAR OVER ASTOR'S CLAIM.

They appealed to the Legislature. This body, influenced by the public uproar over the transaction, refused to recognize Astor's title. The whole State was aroused to a pitch of indignation. Astor's claim was generally regarded as an audacious piece of injustice and robbery. He contended that he was not subject to the provision of the statute directing sales of confiscated estates which provided that tenants could not be dispossessed without being paid for improvements. In fine, he claimed the right to evict the entire seven hun-



dred families without being under the legal or moral necessity of paying them a single cent for their improvements. In the state of public temper, the officials of the State of New York decided to fight his claim. Astor offered to sell his claim to the State for \$667,000. But such was the public outburst at the effrontery of a man who had bought what was virtually an extinct claim for \$100,000, and then attempting to hold up the State for more than six times that sum, that the Legislature dared not consent.

The contention went to the courts and there dragged along for many years. Astor, however, won his point; it was decided that he had a valid title. Finally in 1827 the Legislature allowed itself<sup>13</sup> to compromise, although public opinion was as bitter as ever. The State gave Astor \$500,000 in five per cent stock, specially issued, in surrender of his claim.<sup>14</sup> Thus were the whole people taxed to buy, at an exorbitant price, the claim of a man who had got it by artifice and whose estate eventually applied the interest and principal of that stock to buying land in New York City. Thus also can a considerable part of the Astor fortune be traced to Adolphus Phillips, son of Frederick, the partner, protector and chief spoil-sharer of Captain Burgess, sea pirate, and whose estate, the Phillips manor, had been obtained by bribing Fletcher, the royal governor.

<sup>13</sup> "Allowed itself." The various New York legislatures from the end of the eighteenth century on were hotbeds of corruption. Time after time members were bribed to pass bills granting charters for corporations or other special privileges. (See the numerous specific instances cited in the author's "History of Tammany Hall," and subsequently in this work.) The Legislature of 1827 was notoriously corrupt.

<sup>14</sup> Journal of the [New York] Senate, 1815:216 — Journal of the [New York] Assembly, 1818:261; Journal of the Assembly, 1819. Also "A Statement and Exposition of The Title of John Jacob Astor to the Lands Purchased by him from the surviving children of Roger Morris and Mary, his Wife; New York, 1827."

But while Astor gradually appropriated vast tracts of land in Wisconsin, Missouri, Iowa and other parts of the West, and levied his toll on one-third of Putnam County, it was in New York City that he concentrated the great bulk of his real estate speculations. To buy steadily on the scale that he did required a constant revenue. This revenue, as we have seen, came from his fur trading methods and activities and the profits and privileges of his shipping. But these factors do not explain his entire agencies in becoming a paramount landocrat. One of these was the banking privilege — a privilege so ordained by law that it was one of the most powerful and insidious suctions for sapping the wealth created by the toil of the producers, and for enriching its owners at a most appalling sacrifice to the working and agricultural classes. And above all, Astor in common with his class, made the most valuable asset of Law, whether exploiting the violation, or the enforcement, of it.

If we are to accept the superficial, perfunctory accounts of Astor's real estate investments in New York City, then he will appear in the usual eulogistic light of a law-loving, sagacious man engaged in a legitimate enterprise. The truth, however, lies deeper than that — a truth which has been either undiscerned or glossed over by those conventional writers who, with a panderer's instinct, give a wealth-worshipping era the thing it wants to read, not what it ought to know. Although apparently innocent and in accord with the laws and customs of the times, Astor's real estate transactions were inseparably connected with consecutive evasions, trickeries, frauds and violations of law. Extraordinarily favorable as the law was to the propertied classes, even that law was constantly broken by the very classes to whom it was so partial.

Simultaneously, while reaping large revenues from his fur trade among the Indians in both the East and West, Astor was employing a different kind of fraud in using the powers of city and State government in New York in obtaining, for practically nothing, enormously valuable grants of land and other rights and privileges which added to the sum total of his growing wealth.

#### CORRUPT GRANTS OF CITY LAND.

In this procedure he was but doing what a number of other contemporaries such as Peter Goelet, the Rhinelanders, the Lorillards, the Schermerhorns and other men who then began to found powerful landed families, were doing at the same time. The methods by which these men secured large areas of land, now worth huge sums, were unquestionably fraudulent, although the definite facts are not as wholly available as are, for instance, those which related to Fletcher's granting vast estates for bribes in the seventeenth century, or the bribery which corrupted the various New York legislatures beginning in the year 1805. Nevertheless, considering the character of the governing politicians, and the scandals that ensued from the granting and sales of New York City land a century or more ago, it is reasonably certain that corrupt means were used. The student of the times cannot escape from this conclusion, particularly as it is borne out by many confirming circumstances.

New York City, at one time, owned a very large area of land which was fraudulently granted or sold to private individuals. Considerable of this granting or selling was done during the years when the corrupt Benjamin Romaine was City Controller. Romaine was so badly involved in a series of scandals arising from the grants and corrupt sales of city land, that in 1806 the

Common Council, controlled by his own party, the Tammany machine, found it necessary to remove him from the office of City Controller for malfeasance.<sup>14a</sup> The specific charge was that he had fraudulently obtained valuable city land in the heart of the city without paying for it. Something had to be done to still public criticism, and Romaine was sacrificed. But, in fact, he was far from being the only venal official concerned in the current frauds. These frauds continued no matter which party or what set of officials were in power. Several years after Romaine was removed, John Bingham, a powerful member of the Aldermanic Committee on Finance, which passed upon and approved these various land grants, was charged by public investigators with having caused the city to sell to his brother-in-law land which he later influenced the city administration to buy back at an exorbitant price. Spurred by public criticism the Common Council demanded its reconveyance.<sup>15</sup> It is more than evident—it is indisputable—from the records and the public scandals, that the successive city administrations were corruptly conducted. The conservative newspaper comments alone of the period indicate this clearly, if nothing else does.

#### A PROCESS OF SPOILIATION.

Neither Astor nor Goelet were directly active members of the changing political cliques which controlled the affairs of the city. It is likely that they bore somewhat the same relation to these cliques that the politico-industrial magnates and financiers of to-day do; to all appearances distinctly apart from participation in politics, and

<sup>14a</sup> MSS. Minutes of the (New York City) Common Council, xvi: 239-40 and 405.

<sup>15</sup> *Ibid.*, xx: 355-356.

yet by means of money, having a strong or commanding influence in the background. But the Rhinelander brothers, William and Frederick, were integral members of the political machine in power. Thus we find that in 1803, William Rhinelander was elected Assessor for the Fifth Ward (a highly important and sumptuary office at that time), while both he and Frederick were, at the same time, appointed inspectors of elections.<sup>16</sup>

The action of the city officials in disposing of city land to themselves, to political accomplices and to favorites (who, it is probable, although not a matter of proof, paid bribes) took two forms. One was the granting of land under water, the other the granting of city real estate. At that time the configuration of Manhattan Island was such that it was marked by ponds, streams and marshes, while the marginal lines of the Hudson River and the East River extended much further inland than now. When an individual got what was called a water grant, it meant land under shallow water, where he had the right to build bulk-heads and wharves and to fill in and make solid ground. Out of these water grants was created property now worth hundreds upon hundreds of millions of dollars. The value at that time was not great, but the prospective value was immense. This fact was recognized in the official reports of the day, which set forth how rapidly the city's population and commerce were increasing. As for city land as such, the city not only owned large tracts by reason of old grants and confiscations, but it constantly came into possession of more because of non-payment of taxes.

The excuses by which the city officials covered their short-sighted or fraudulent grants of the water rights and the city land were various. One was that the gifts

<sup>16</sup> MSS. Minutes of the Common Council, xiii: 118 and 185.

were for the purpose of assisting religious institutions. This, however, was but an occasional excuse. The principal excuse which was persisted in for forty years was that the city needed revenue. This was a fact. The succeeding city administrations so corruptly and extravagantly squandered the city's money that the city was constantly in debt. Perhaps this debt was created for the very purpose of having a plausible ground for disposing of city land. So it was freely charged at that time.

#### THE CITY CREATES LANDLORDS.

Let us see how the religious motive worked. On June 10, 1794, the city gave to Trinity Church a water grant covering all that land from Washington street to the North River between Chambers and Reade streets. The annual rent was one shilling per running foot after the expiration of forty-two years from June 10, 1794. Thus, for forty-two years, no rent was charged. Shortly after the passage of this grant, Trinity Church conveyed it to William Rhinelander, and also all that ground between Jay and Harrison streets, from Greenwich street to the North River. By a subsequent arrangement with Trinity Church and the city, all of this land as well as certain other Trinity land became William Rhinelander's property; and then, by agreement of the Common Council on May 29, 1797, and confirmation of Nov. 16, 1807, he was given all rights to the land water between high and low water mark, bounding his property, for an absurdly low rental.<sup>17</sup> These water grants were subsequently filled in and became of enormous value.

<sup>17</sup> MSS. Minutes of the Common Council, xvii: 141-144. See also Annual Report of Controller for 1849, Appendix A.

Astor was as energetic as Rhinelander in getting grants from the city officials. In 1806 he obtained two of large extent on the East Side — on Mangin street between Stanton and Houston streets, and on South street between Peck Slip and Dover street. On May 30, 1808, upon a favorable report handed in by the Finance Committee, of which the notorious John Bingham was a member, Astor received an extensive grant along the Hudson bounding the old Burr estate which had come into his possession.<sup>18</sup> In 1810 he received three more water grants in the vicinity of Hubert, Laight, Charlton, Hammersly and Clarkson streets, and on April 28, 1828, three at Tenth avenue, Twelfth, Thirteenth, Fourteenth and Fifteenth streets. These were some of the grants that he received. But they do not include the land in the heart of the city that he was constantly buying from private owners or getting by the evident fraudulent connivance of the city officials.

Having obtained the water grants and other land by fraud, what did the grantees next proceed to do? They had them filled in, not at their own expense, but largely at the expense of the municipality. Sunken lots were filled in, sewers placed, and streets opened, regulated and graded at but the merest minimum of expense to these landlords. By fraudulent collusion with the city authorities they foisted much of the expense upon the taxpayers. How much money the city lost by this process in the early decades of the nineteenth century was never known. But in 1855 Controller Flagg submitted to the Common Council an itemized statement for the five years from 1850 in which he referred to "the startling fact that the city's payments, in a range of five years [for filling in

<sup>18</sup> MSS. Minutes of the Common Council, xviii: 411-414.

sunken lots, regulating and grading streets, etc.], exceed receipts by the sum of *more than two millions* of dollars." <sup>19</sup>

#### MANY PARTICIPANTS IN THE CURRENT FRAUDS.

In the case of most of these so-called water fronts, there was usually a trivial rental attached. Nearly always, however, this was commuted upon payment of a small designated sum, and a full and clear title was then given by the city. In this rush to get water-grants — grants many of which are now solid land filled with business and residential buildings — many of the ancestors of those families which pride themselves upon their exclusive air participated. The Lorillards, the Goelets, William F. Havemeyer, Cornelius Vanderbilt, W. H. Webb, W. H. Kissam, Robert Lenox, Schermerhorn, James Roosevelt, William E. Dodge, Jr. — all of these and many others — not omitting Astor's American Fur Company — at various times down to, and including the period of, the monumentally corrupt Tweed "ring," got grants from corrupt city administrations. Some of these water rights, that is to say, such fragmentary parts of them as pertained to wharves and bulkheads, New York City, in recent years, has had to buy back at exorbitant prices. From the organization of the Dock Department down to 1906 inclusive, New York City had expended \$70,000,000 for the purchase of bulkhead and wharf property and for construction.

During all the years from 1800 on, Astor, in conjunction with other landholders, was manipulating the city government not less than the State and Federal Government. Now he gets from the Board of Aldermen title to

<sup>19</sup> Doc. No. 33, Documents of the Board of Aldermen, xxii: 26.



a portion of this or that old country road on Manhattan which the city closes up; again and again he gets rights of land under water. He constantly solicits the Board of Aldermen for this or that right or privilege and nearly always succeeds. No property or sum is too small for his grasp. In 1832, when Eighth avenue, from Thirteenth to Twenty-third streets is graded down and the earth removed is sold by the city to a contractor for \$3,049.44, Astor, Stephen D. Beekman and Jacob Taylor petition that each get a part of the money for earth removed from in front of their lots. This is considered such a petty attempt at defrauding, that the Aldermen call it an "unreasonable petition" and refuse to accede.<sup>20</sup> In 1834 the Aldermen allow him a part of the old Hurlgate road, and Rhinelander a part of the Southampton road. Not a year passes but that he does not get some new right or privilege from the city government. At his request some streets are graded and improved; the improvement of such other streets as is not to his interest to have improved is delayed. Here sewers are placed; there they are refused. Every function of city administration was incessantly used by him. The cumulative effect of this class use of government was to give him and others a constant succession of grants and privileges that now have a prodigious value.

But it should be noted that those who thus benefited, singularly enjoyed the advantages of laws and practices. For city land that they bought they were allowed to pay on easy terms; not infrequently the city had to bring action for final payment. But the tenants of these landlords had to pay rent on the day that it fell due, or within a few days of the time; *they* could not be in arrears more than three days without having to face dispossession

<sup>20</sup> Proceedings of the Board of Aldermen, 1832-33, iv:416-418.

proceedings. Nor was this all the difference. On land which they corruptly obtained from the city and which, to a large extent, they fraudulently caused to be filled in, regulated, graded or otherwise improved at the expense of the whole community, the landlords refused to pay taxes promptly, just as they refused to pay them on land that they had bought privately. What was the result? "Some of our wealthiest citizens," reported the Controller in 1831, "are in the habit of postponing the payment of taxes for six months and more, and the Common Council are necessitated to borrow money on interest to meet the ordinary disbursements of the city."<sup>21</sup> If a man of very moderate means were backward in payment of taxes, the city promptly closed him out, and if a tenant of any of these delinquent landlords were dispossessed for non-payment of rent, the city it was which undertook the process of eviction. The rich landlord, however, could do as he pleased, since all government represented his interests and those of his class. Instead of the punishment for non-payment of taxes being visited upon him, it was imposed upon the whole community in the form of interest-bearing bonds.

#### PILLAGE, PROFITS AND LAND.

The money that Astor secured by robbing the Indians and exploiting the workers by means of monopolies, he thus put largely into land. In 1810, a story runs, he offers to sell a Wall Street lot for \$8,000. The price is so low that a buyer promptly appears. "Yes, you are astonished," Astor says. "But see what I intend to do with that eight thousand dollars. That Wall Street lot, it is true, will be worth twelve thousand dollars in a few

<sup>21</sup> Controller's Reports for 1831:7. Also Ibid. for 1841:28.

years. But I shall take that eight thousand dollars and buy eighty lots above Canal street and by the time your one lot is worth twelve thousand dollars, my eighty lots will be worth eighty thousand dollars." So goes one of the fine stories told to illustrate his foresight, and to prove that his fortune came exclusively from that faculty and from his industry.

This version bears all the impress of being undoubtedly a fraud. Astor was remarkably secretive and dissembling, and never revealed his plans to anyone. That he bought the lots is true enough, but his attributed loquacity is mythical and is the invention of some gushing eulogist. At that time he was buying for \$200 or \$300 each many lots on lower Broadway, then, for the most part, an unoccupied waste. What he was counting upon was the certain growth of the city and the vastly increasing values not that he would give his land, but which would accrue from the labor of an enlarged population. These lots are now occupied by crowded business buildings and are valued at from \$300,000 to \$400,000 each.

Throughout those years in the first decade of the nineteenth century he was constantly buying land on Manhattan Island. Practically all of it was bought, not with the idea of using it, but of holding it and allowing future populations to make it a thousand times more valuable. An exception was his country estate of thirteen acres at Hurlgate (Hellgate) in the vicinity of Sixtieth street and the East River. It was curious to look back at the fact that less than a century ago the upper regions of Manhattan Island were filled with country estates — regions now densely occupied by huge tenement houses and some private dwellings. In those days, not less than in these, a country seat was considered a necessary appendage to the possessions of a rich man. Astor bought

that Hurlgate estate as a country seat; but as such it was long since discontinued although the land comprising it has never left the hold of the Astor family.

What were the intrinsic circumstances of the means by which he bought land, now worth hundreds of millions of dollars? For once, we get a gleam of the truth, but a gleam only, in the "popular writer's" account when he says: "John Jacob Astor's record is constantly crossed by embarrassed families, prodigal sons, mortgages and foreclosure sales. Many of the victims of his foresight were those highest in church and state. He thus acquired for \$75,000 one-half of Governor George Clinton's splendid Greenwich country place [in the old Greenwich village on the west side of Manhattan Island]. . . . After the Governor's death, he kept persistently at the heirs, lent them money and acquired additional slices of the family property. . . . Nearly two-thirds of the Clinton farm is now held by Astor's descendants, and is covered by scores of business buildings, from which is derived an annual income estimated at \$500,000."

#### THE FATE OF OTHERS HIS GAIN.

In this transaction we see the beginnings of that period of conquest on the part of the very rich using their surplus capital in effacing the less rich—a period which really opened with Astor and which has been vastly intensified in recent times. Clinton was accounted a rich man in his day, but he was a pigmy in that respect compared to Astor. With his incessant inflow of surplus wealth, Astor was in a position where on the instant he could take advantage of the difficulties of less rich men and take over to himself their property. A large amount of Astor's money was invested in mortgages. In times

of periodic financial and industrial distress, the mortgagers were driven to extremities and could no longer keep up their payments. These were the times that Astor waited for, and it was in such times that he stepped in and possessed himself, at comparatively small expense, of large additional tracts of land.

It was this way that he became the owner of what was then the Cosine farm, extending on Broadway from Fifty-third to Fifty-seventh streets and westward to the Hudson River. This property, which he got for \$23,000 by foreclosing a mortgage, is now in the very heart of the city, filled with many business, and every variety of residential, buildings, and is rated as worth \$6,000,000. By much the same means he acquired ownership of the Eden farm in the same vicinity, coursing along Broadway north from Forty-second street and slanting over to the Hudson River. This farm lay under pledges for debt and attachments for loans. Suddenly Astor turned up with a third interest in an outstanding mortgage, foreclosed, and for a total payment of \$25,000 obtained a sweep of property now covered densely with huge hotels, theaters, office buildings, stores and long vistas of residences and tenements — a property worth at the very least \$25,000,000. Any one with sufficient security in land who sought to borrow money would find Astor extremely accommodating. But woe betide the hapless borrower, whoever he was, if he failed in his obligations to the extent of even a fraction of the requirements covered by law! Neither personal friendship, religious considerations nor the slightest feelings of sympathy availed.

But where law was insufficient or non-existent, new laws were created either to aggrandize the powers of landlordship, or to seize hold of land or enhance its value, or to get extraordinary special privileges in the form of

banking charters. And here it is necessary to digress from the narrative of Astor's land transactions and advert to his banking activities, for it was by reason of these subordinately, as well as by his greater trade revenues, that he was enabled so successfully to pursue his career of wealth-gathering. The circumstances as to the origin of certain powerful banks in which he and other landholders and traders were large stockholders, the methods and powers of those banks, and their effect upon the great body of the people, are component parts of the analytic account of his operations. Not a single one of Astor's biographers has mentioned his banking connections. Yet it is of the greatest importance to describe them, inasmuch as they were closely intertwined with his trade, on the one hand, and with his land acquisitions, on the other.

## CHAPTER IV

### THE RAMIFICATIONS OF THE ASTOR FORTUNE

Astor flourished at that precise time when the traders and landowners, flushed with revenues, reached out for the creation and control of the highly important business of professionally dealing in money, and of dictating, personally and directly, what the supply of the people's money should be.

This signalized the next step in the aggrandizement of individual fortunes. The few who could center in themselves, by grace of Government, the banking and manipulation of the people's money and the restricting or inflating of money issues, were immediately vested with an extraordinary power. It was a sovereign power at once coercive and proscriptive, and a mighty instrument for transferring the produce of the many to a small and exclusive coterie. Not merely over the labor of the whole working class did this gripping process extend, but it was severely felt by that large part of the landowning and trading class which was excluded from holding the same privileges. The banker became the master of the master. In that fierce, pervading competitive strife, the banks were the final exploiters. Sparsely organized and wholly unprotected, the worker was in the complete power of the trader, manufacturer and landowner; in turn, such of these divisions of the propertied class as were not themselves sharers in the ownership of banks were at the mercy of the banking institutions.

At any time upon some pretext or other, the banks could arbitrarily refuse the latter class credit or accommodation, or harass its victims in other ways equally as destructive. As business was largely done in expectations of payment, in other words, on credit, as it is now, this was a serious, often a desperate, blow to the lagging or embarrassed brothers in trade. Banks were virtually empowered by law to ruin or enrich any individual or set of individuals. As the banks were then founded and owned by men who were themselves traders or landholders, this power was crushingly used against competitors. Armed with the strong power of law, the banks overawed the mercantile world, thrived on the industry, misfortune or ruin of others, and swayed politics and elections. The bank men loaned money to themselves at an absurdly low rate of interest. But for loans of money to all others they demanded a high rate of interest which, in periods of commercial distress, overwhelmed the borrowers. Nominally banks were restricted to a certain standard rate of interest; but by various subterfuges they easily evaded these provisions and exacted usurious rates.

#### BANKS AND THEIR POWER.

These, however, were far from being the worst features. The most innocent of their great privileges was that of playing fast and loose with the money confidently entrusted to their care by a swarm of depositors who either worked for it, or for the matter of that, often stole it; bankers, like pawnbrokers, ask no questions. The most remarkable of their vested powers was that of manufacturing money. The industrial manufacturer could not make goods unless he had the plant, the raw material and the labor. But the banker, somewhat



like the fabled alchemists, could transmute airy nothing into bank-note money, and then, by law, force its acceptance. The lone trader or landholder unsupported by a partnership with law could not fabricate money. But let trader and landholder band in a company, incorporate, then persuade, wheedle or bribe a certain entity called a legislature to grant them a certain bit of paper styled a charter, and lo! they were instantly transformed into money manufacturers.

#### A MANDATE TO PREY.

The simple mandate of law was sufficient authorization for them to prey upon the whole world outside of their charmed circle. With this scrap of paper they could go forth on the highways of commerce and over the farms and drag in, by the devious, absorbent processes of the banking system, a great part of the wealth created by the actual producers. As it was with taxation, so was it with the burdens of this system; they fell largely upon the worker, whether in the shop or on the farm. When the business man and the landowner were compelled to pay exorbitant rates of interest they but apparently had to meet the demands. What these classes really did was to throw the whole of these extra impositions upon the working class in the form of increased prices for necessities and merchandise and in augmented rents.

But how were these State or Government authorizations, called charters, to be obtained? Did not the Federal Constitution prohibit States from giving the right to banks to issue money? Were not private money factories specifically barred by that clause of the Constitution which declared that no State "shall coin money,

emit bills of credit, or make anything but gold or silver a tender in payment of debts?"

Here, again, the power of class domination of Government came into compelling effect. The onward sweep of the trading class was not to be balked by such a trifling obstacle as a Constitutional provision. At all times when the Constitution has stood in the way of commercial aims it has been abrogated, not by repeal nor violent overthrow, but by the effective expedient of judicial interpretation. The trading class demanded State created banks with power of issuing money; and, as the courts have invariably in the long run responded to the interests and decrees of the dominant class, a decision was quickly forthcoming in this case to the effect that "bills of credit" were not meant to cover banknotes. This was a new and surprising construction; but judicial decision and precedent made it virtually law, and law a thousandfold more binding than any Constitutional insertion.

#### COURTS AND CONSTITUTION.

The trading class had already learned the importance of the principle that while it was essential to control law-making bodies, it was imperative to have as their auxiliary the bodies that interpreted law. To a large extent the United States since then has lived not under legislative-made law, but under a purely separate and extraneous form of law which has superseded the legislature product, namely, court law. Although nowhere in the United States Constitution is there even the suggestion that courts shall make law, yet this past century and more they have been gradually building up a formidable code of interpretations which substantially ranks as the most commanding kind of law. And these

interpretations have, on the whole, consistently followed, and kept pace with, the changing interests of the dominant class, whether traders, slaveholders, or the present trusts.

This decision of the august courts opened the way for the greatest orgy of corruption and the most stupendous frauds. In New York, Massachusetts, New Jersey, Pennsylvania, Maryland, and other States a continuous rush to get bank charters ensued. Most of the legislatures were composed of men who, while perhaps, not innately corrupt, were easily seduced by the corrupt temptations held out by the traders. There was a deep-seated hostility, in many parts of the country, on the part of the middling tradesmen—the shopkeepers and the petty merchants—to any laws calculated to increase the power and the privileges of the superior traders and the landowners. Among the masses of workers, most of whom were, however, disfranchised, any attempt to vest the rich with new privileges, was received with the bitterest resentment. But the legislatures were approachable; some members who were put there by the rich families needed only the word as to how they should vote, while others, representing both urban and rural communities, were swayed by bribes. By one means or another the traders and landholders forced the various legislatures into doing what was wanted.

Omitting the records of other States, a few salient facts as to what took place in New York State will suffice to give a clear idea of some of the methods of the trading class in pressing forward their conquests, in hurling aside every impediment, whether public opinion or law, and in creating new laws which satisfied their extending plans for a ramification of profit-producing interests. If forethought, an unswerving aim and

singleness of execution mean anything, then there was something sternly impressive in the way in which this rising capitalist class went forward to snatch what it sought, and what it believed to be indispensable to its plans. There was no hesitation, nor were there any scruples as to niceties of methods; the end in view was all that counted; so long as that was attained, the means used were considered paltry side-issues. And, indeed, herein lies the great distinction of action between the world-old propertied classes and the contending proletariat; for whereas the one have always campaigned irrespective of law and particularly by bribery, intimidation, repression and force, the working class has had to confine its movement strictly to the narrow range of laws which were expressly prepared against it and the slightest violation of which has called forth the summary vengeance of a society ruled actually, if not theoretically, by the very propertied classes which set at defiance all law.

#### THE BANKING FRAUDS BEGIN.

The chartered monopoly held by the traders who controlled the United States Bank was not accepted passively by others of the commercial class, who themselves wanted financial engines of the same character. The doctrine of State's rights served the purpose of these excluded capitalists as well as it did that of the slaveholders.

The States began a course of reeling out bank charters. By 1799 New York City had one bank, the Bank of New York; this admixed the terrorism of trade and politics so overtly that presently an opposition application for a charter was made. This solitary bank was run by some of the old landowning families who fully

understood the danger involved in the triumph of the democratic ideas represented by Jefferson; a danger far overestimated, however, since win as democratic principles did, the propertied class continued its victorious march, for the simple reason that property was able to divert manhood suffrage to its own account, and to aggrandize itself still further on the ruins of every subsequent similar reform expedient. What the agitated masses, for the most part, of that period could not comprehend was that they who hold the possession of the economic resources will indubitably sway the politics of a country, until such time as the proletariat, no longer divided but thoroughly conscious, organized, and aggressive, will avail itself of its majority vote to transfer the powers of government to itself. The Bank of New York injected itself virulently into politics and fought the spread of democratic ideas with sordid but effective weapons. If a merchant dared support what it denounced as heretical doctrines, the bank at once black-listed him by rejecting his notes when he needed cash most.

It was now that Aaron Burr, that adroit leader of the opposition party, stepped in. Seconded or instigated by certain traders, he set out to get one of those useful and invaluable bank charters for his backers. The explanation of how he accomplished the act is thus given: Taking advantage of the epidemic of yellow fever then desolating New York City, he, with much preliminary of philanthropic motives, introduced a bill for the apparent beneficent purpose of diminishing the future possibility of the disease by incorporating a company, called the Manhattan Company, to supply pure, wholesome water. Supposing that the charter granted nothing more than this, the explanation goes on, the Legislature passed

the bill, and was most painfully surprised and shocked when the fact came out that the measure had been so deftly drawn, that it, in fact, granted an unlimited charter, conferring banking powers on the company.<sup>1</sup>

This explanation is probably shallow and deficient. It is much more likely that bribery was resorted to, considering the fact that the granting of every successive bank charter was invariably accompanied by bribery. Six years later the Mercantile Bank received a charter for a thirteen years' period—a charter which, it was openly charged by certain members of the Assembly, was secured by bribery. These charges were substantially proved by the testimony before a legislative investigating committee.<sup>2</sup> In 1811 the Mechanics' Bank was chartered with a time limit under circumstances indicating bribery.

Indeed, so often was bribing done and so pronounced were charges of corruption at frequent sessions of the Legislature, that in 1812, the Assembly, in an heroic spasm of impressive virtue, passed a resolution compelling each member to pledge himself that he had neither taken, nor would take, "any reward or profit, direct or indirect, for any vote on any measure."<sup>3</sup> This resolution was palpably intended to blind the public; for, in that identical year, the Bank of America received a charter amid charges of flagrant corruption. One Assemblyman declared under oath that he had been offered the sum of \$500, "besides, a handsome present for his vote."<sup>4</sup> All of the banks, except the Manhattan, had limited charters;

<sup>1</sup> Hammond's "Political History of the State of New York," I: 129-130.

<sup>2</sup> Journal of the [New York] Senate and Assembly, 1803: 151 and 399.

<sup>3</sup> Ibid., 1812: 134.

<sup>4</sup> Ibid., 1812: 259-260. Frequently, in those days, the giving of presents was a part of corrupt methods.

measures for the renewal of these were practically all put through by bribery.<sup>5</sup> Thus, in 1818, the charter of the Merchants' Bank was renewed until 1832, and renewed after that. The chartering of the Chemical Bank (that staid and most eminently respectable and solid New York institution of to-day) was accomplished by bribery. The Chemical Bank was an outgrowth of the Chemical Manufacturing Company, the plant and business of which were bought expressly as an excuse to get a banking auxiliary. The Goelet brothers were among the founders of this bank. In fact, many of the great landed fortunes were inseparably associated with the frauds of the banking system; money from land was used to bribe legislatures, and money made from the banks was employed in buying more land. The promoters of the Chemical Bank set aside a considerable sum of money and \$50,000 in stock for the bribery fund.<sup>6</sup> No sooner had it received its charter than it began to turn out reams of paper money, based upon no value, which paper was paid as wages to its employees as well as circulated generally. So year after year the bribery went on industriously, without cessation.

#### BRIBERY A CRIME IN NAME ONLY.

Were the bribers ever punished, their illicitly gotten charters declared forfeited, and themselves placed under

<sup>5</sup> "The members [of the Legislature] themselves sometimes participated in the benefits growing out of charters created by their own votes; . . . if ten banks were chartered at one session, twenty must be chartered the next, and thirty the next. The cormorants could never be gorged. If at one session you bought off a pack of greedy lobby agents . . . they returned with increased numbers and more voracious appetite."—Hammond, ii: 447-448.

<sup>6</sup> Journal of the [New York] Senate, 1824: 1317-1350. See also Chap. VIII, Part II of this work.

the ban of virtuous society? Far, very far, from it! The men who did the bribing were of the very pinnacle of social power, elegance and position, or quickly leaped to that height by reason of their wealth. They were among the foremost landholders and traders of the day. By these and a wide radius of similar means, they amassed wealth or greatly increased wealth already accumulated. The ancestors of some of the most conspicuous multi-millionaire families of the present were deeply involved in the perpetration of all of those continuous frauds and crimes — Peter Goelet and his sons, Peter P. and Robert, for instance, and Jacob Lorillard, who, for many years, was president of the Mechanics' Bank. No stigma attached to these wealth-graspers. Their success as possessors of riches at once, by the automatic processes of a society which enthroned wealth, elevated them to be commanding personages in trade, politics, orthodoxy and the highest social spheres. The cropped convict, released from prison, was followed everywhere by the jeers and branding of a society which gloated over his downfall and which forever reminded him of his infamy. But the men who waded on to wealth through the muck of base practices and by means of crimes a millionfold more insidious and dangerous than the offense of the convict, were not only honored as leading citizens, but they became the extolled and unquestioned dictators of that supreme trading society which made modes, customs and laws.

It was a society essentially built upon money; consequently he who was dexterous enough to get possession of the spoils, experienced no difficulty in establishing his place among the elect and anointed. His frauds were forgotten or ignored; only the fact that he was a rich man was remembered. And yet, what is more natural



than to seek, and accept, the obeisance lavished upon property, in a scheme of society where property is crowned as the ruling power? In the rude centuries previously mankind exalted physical prowess; he who had the greatest strength and wielded the deftest strokes became victor of the judicial combat and gathered in laurels and property. But now we have arrived at the time when the cunning of mind supplants the cunning of muscle; bribery takes the place of brawn; the contestants fight with statutes instead of swords. And this newer plan, which some have decried as degenerate, is a great advance over the old, for thereby has brute force been legally abandoned in personal quarrels at least, and that cunning of mind which has held sway, is the first evidence of the reign of mind, which from a low order, will universally develop noble and supereminent qualities charged with the good, and that alone, of the human race.

#### ASTOR'S BANKING ACTIVITIES.

With this preliminary sketch, we can now proceed to a consideration of how Astor profited from the banking system. We see that constantly the bold spirits of the trading class, with a part of the money made or plundered in some direction or other, were bribing representative bodies to give them exceptional rights and privileges which, in turn, were made the fertile basis for further spoliation. Astor was a stockholder in at least four banks, the charters of which had been obtained or renewed by trickery and fraud, or both. He owned 1,000 shares of the capital stock of the Manhattan Company; 1,000 of the Merchant's Bank; 500 of the Bank of America; 1,604 of the Mechanic's Bank. He also owned at one time considerable stock in the National

Bank, the charter of which, it was strongly suspected, had been obtained by bribery.

There is no evidence that he, himself, did the actual bribing or was in any way concerned in it. In all of the legislative investigations following charges of bribery, the invariable practice was to throw the blame upon the wicked lobbyists, while professing the most naïve astonishment that any imputations should be cast upon any of the members of the honorable Legislature. As for the bribers behind the scenes, their names seldom or never were brought out or divulged. In brief, these investigations were all of that rose-water order, generally termed "whitewashing." But whether Astor personally bribed or not, he at any rate consciously profited from the results of bribery; and, moreover, it is not probable that his methods in the East were different, except in form, from the debauching and exploitation that he made a system of in the fur regions. It is not outside the realm of reasonable conjecture to suppose that he either helped to debauch, or connived at the corruption of, legislatures, just as in another way he debauched Indian tribes.

Furthermore his relations with Burr in one notorious transaction, are sufficient to justify the conclusion that he held the closest business relations with that political adventurer who lived next door to him at No. 221 Broadway. This transaction was one which was partially the outcome of the organization of the Manhattan Bank and was a source of millions of dollars of profit to Astor and to his descendants.

A century or more ago Trinity Church owned three times the extent of even the vast real estate that it now holds. A considerable part of this was the gift of that royal governor Fletcher, who, as has been set forth, was

such a master-hand at taking bribes. There long existed a contention upon the part of New York State, a contention embodied in numerous official records, that the land held for centuries by Trinity Church was usurped; that Trinity's title was invalid and that the real title vested in the people of the city of New York. In 1854-55 the Land Commissioners of New York State, deeply impressed by the facts as marshalled by Rutger B. Miller,<sup>7</sup> recommended that the State bring suit. But with the filing of Trinity's reply, mysterious influences intervened and the matter was dropped. These influences are frequently referred to in aldermanic documents.

To go back, however: In 1767 Trinity Church leased to Abraham Mortier, for ninety-nine years, at a total annual rental of \$269 a year, a stretch of land comprising 465 lots in what is now the vicinity bounded by Greenwich, Spring and Hudson streets. Mortier used it as a country place until 1797 when the New York Legislature, upon the initiative of Burr, developed a consuming curiosity as to how Trinity Church was expending its income. This was a very ticklish question with the pious vestrymen of Trinity, as it was generally suspected that they were commingling business and piety in a way that might, if known, cause them some trouble. The law, at that time, restricted the annual income of Trinity Church from its property to \$12,000 a year. A committee of investigation was appointed; of this committee Burr was made chairman.

<sup>7</sup> "Letter and Authentic Documentary Evidence in Relation to the Trinity Church Property," etc., Albany, 1853. Hoffman, the best authority on the subject, says in his work published forty-five years ago: "Very extensive searches have proved unavailing to enable me to trace the sources of the title to much of this upper portion of Trinity Church property."—"State and Rights of the Corporation of New York," ii: 189.

## HOW ASTOR SECURED A LEASE.

Burr never really made any investigation. Why? The reason soon came out, when Burr turned up with a transfer of the Mortier lease to himself. He at once obtained from the Manhattan Bank a \$38,000 loan, pledging the lease as security. When his duel with Hamilton forced Burr to flee the country, Astor promptly came along and took the lease off his hands. Astor, it was said, paid him \$32,000 for it, subject to the Manhattan Bank's mortgage. At any rate, Astor now held this extraordinarily valuable lease.<sup>8</sup> He immediately re-leased it in lots; and as the city fast grew, covering the whole stretch with population and buildings, the lease was a source of great revenue to him and to his heirs.<sup>9</sup> As a Lutheran, Astor could not be a vestryman of Trinity Church. Anthony Lispenard, however, it may be passingly noted, was a vestryman, and, as such, mixed piety and business so well, that his heirs became possessed of millions of dollars by the mere fact that in 1779, when

<sup>8</sup> In all of the official communications of Trinity Church up to 1867 this lease is referred to as the "Burr or Astor Lease."—"The Communication of the Rector, Church Wardens and Vestrymen of Trinity Church in the city of New York in reply to a resolution of the House, passed March 4, 1854"; Document No. 130, Assembly Docs. 1854. Also Document No. 45, Senate Docs. 1856. Upon returning from exile Burr tried to break his lease to Astor, but the lease was so astutely drawn that the courts decided in Astor's favor.

<sup>9</sup> In his descriptive work on New York City of a half century ago, Matthew Hale Smith, in "Sunshine and Shadow in New York" (pp. 121-122), tells this story: "The Morley [Mortier] lease was to run until 1867. Persons who took the leases supposed that they took them for the full term of the Trinity lease. [John Jacob] Astor was too far-sighted and too shrewd for that. Every lease expired in 1864, leaving him [William B. Astor, the founder's heir] the reversion for three years, putting him in possession of all the buildings, and all of the improvements made on the lots, and giving him the right of renewal." Smith's account is faulty. Most of the leases expired in 1866. The value of the reversions was very large.

a vestryman, he got a lease, for eighty-three years of eighty-one Trinity lots adjacent to the Astor leased land, at a total annual rental of \$177.50.<sup>10</sup>

It was by the aid of the banking system that the trading class was greatly enabled to manipulate the existing and potential resources of the country and to extend invaluable favors to themselves. In this system Astor was a chief participant. For many years the banks, especially in New York State, were empowered by law to issue paper money to the extent of three times the amount of their capital. The actual specie was seized hold of by the shippers, and either hoarded, or exported in quantities to Asia or Europe which, of course, would not handle paper money. By 1819 the banks in New York had issued \$12,500,000, and the total amount of specie to redeem this fiat stuff amounted to only \$2,000,000. These banknotes were nothing more or less than irresponsible promises to pay. What became of them?

#### WHAT THE WORKER GOT AS WAGES.

What, indeed, became of them? They were imposed upon the working class as payment for labor. Although these banknotes were subject to constant depreciation, the worker had to accept them as though they were full value. But when the worker went to buy provisions or pay rent, he was compelled to pay one-third, and often one-half, as much as the value represented by those banknotes. Sometimes, in crises, he could not get them cashed at all; they became pitiful souvenirs in his hands. This fact was faintly recognized by a New York Senate Committee when it reported in 1819 that every artifice in the wit of man had been devised to find ways of

<sup>10</sup> Docs. No. 130 [New York] Assembly Docs., 1854: 22-23.

putting these notes into circulation; that when the merchant got this depreciated paper, he "saddled it upon the departments of productive labor." "The farmer and the mechanic alike," went on the report, "have been invited to make loans and have fallen victims to the avarice of the banker. The result has been the banishment of metallic currency, the loss of commercial confidence, fictitious capital, increase of civil prosecutions and multiplication of crimes."<sup>11</sup> What the committee did not see was that by this process those in control of the banks had, with no expenditure, possessed themselves of a considerable part of the resources of the country and had made the worker yield up twice and three times as much of the produce of his labor as he had to give before the system was started.

The large amount of paper money, without any basis of value whatever, was put out at a heavy rate of interest. When the merchant paid his interest, he charged it up as extra cost on his wares; and when the worker came to buy these same wares which he or some fellow-worker had made, he was charged a high price which included three things all thrown upon him: rent, interest and profit. The banks indirectly sucked in a large portion of these three factors. And so thoroughly did the banks control legislation that they were not content with the power of issuing spurious paper money; they demanded, and got through, an act exempting bank stock from taxation.

Thus year after year this system went on, beggaring great numbers of people, enriching the owners of the banks and virtually giving them a life and death power over the worker, the farmer and the floundering, strug-

<sup>11</sup> Journal of the [New York] Senate, Forty-second Session, 1819:67-70.

gling small business man alike. The laws were but slightly altered. "The great profits of the banks," reported a New York Senate Committee on banks and insurance in 1834, "arise from their issues. It is this privilege which enables them, in fact, to coin money, to substitute their evidences of debt for a metallic currency and to loan more than their actual capitals. A bank of \$100,000 capital is permitted to loan \$250,000; and thus receive an interest on twice and a half the amount actually invested."<sup>12</sup>

#### THE WORKINGMEN'S PARTY PROTEST.

It cannot be said that all of the workingmen were apathetic, or that some did not see through the fraud of the system. They had good reason for the deepest indignation and exasperation. The terrible injustices piled upon them from every quarter—the low wages that they were forced to accept, often in depreciated or worthless banknotes, the continually increasing exactions of the landlords, the high prices squeezed out of them by monopolies, the arbitrary discriminations of law—these were not without their effect. The Workingmen's Party, formed in 1829 in New York City, was the first and most ominous of these proletarian uprisings. Its resolutions read like a proletarian Declaration of Independence, and would unquestionably have resulted in the most momentous agitation, had it not been that it was smothered by its leaders, and also because the slavery issue long obscured purely economic questions. "Resolved,"

<sup>12</sup> Doc. No. 108, [New York] Senate Documents, 1834, Vol. ii. The committee stated that banks in the State outside of New York City, after paying all expenses, divided 11 per cent. among the stockholders in 1833 and had on hand as surplus capital 10 per cent. on their capital. New York City banks paid larger dividends.

ran its resolutions adopted at Military Hall, Oct. 19, 1829,

in the opinion of this meeting, that the first appropriation of the soil of the State to private and exclusive possession was eminently and barbarously unjust. That 't was substantially feudal in its character, inasmuch as those who received enormous and unequal possessions were *lords* and those who received little or nothing were *vassals*. That hereditary transmission of wealth on the one hand and poverty on the other, has brought down to the present generation all the evils of the feudal system, and that, in our opinion, is the **prime source** of all our calamities.

After declaring that the Workingmen's Party would oppose all exclusive privileges, monopolies and exemptions, the resolutions proceeded:

We consider it an exclusive privilege for one portion of the community to have the *means of education in colleges*, while another is restricted to common schools, or, perhaps, by extreme poverty, even deprived of the limited education to be acquired in those establishments. Our voice, therefore, shall be raised in favor of a system of education which shall be equally open to *all*, as in a real republic, it should be.

Finally the resolutions told what the Workingmen's Party thought of the bankers and the banking system. The bankers were denounced as "the greatest knaves, impostors and paupers of the age." The resolutions went on:

As banking is now conducted, the owners of the banks receive annually of the people of the State not less than two millions of dollars in their paper money (and it might as well be pewter money) for which there is and can be nothing provided for its redemption on demand. . . .



The mockery that went up from all that was held influential, respectable and stable when these resolutions were printed, was echoed far and wide. They were looked upon first as a joke, and then, when the Workingmen's Party began to reveal its earnestness and strength, as an insolent challenge to constituted authority, to wealth and superiority, and as a menace to society.

#### RADICALISM VERSUS RESPECTABILITY.

The "Courier and Enquirer," owned by Webb and Noah, in the pay of the United States Bank, burst out into savage invective. It held the Workingmen's Party up to opprobrium as an infidel crowd, hostile to the morals and the institutions of society, and to the rights of property. Nevertheless the Workingmen's Party proceeded with an enthusiastic, almost ecstatic, campaign and polled 6,000 votes, a very considerable number compared to the whole number of voters at the time.

By 1831, however, it had gone out of existence. The reason was that it allowed itself to be betrayed by the supineness, incompetence, and as some said, the treachery, of its leaders, who were content to accept from a Legislature controlled by the propertied interests various mollifying sops which slightly altered certain laws, but which in no great degree redounded to the benefit of the working class. For a few bits of counterfeit, this splendid proletarian uprising, glowing with energy, enthusiasm and hope, allowed itself to be snuffed out of existence.

What a tragedy was there! And how futile and tragic must inevitably be the fate of any similar movement which depends not upon itself, not upon its own intrinsic, collective strength and wisdom, but upon the

say-so of leaders who come forward to assume leadership. Representing only their own timidity of thought and cowardice of action, they often end by betraying the cause placed confidingly in their charge. That class which for these immemorial generations has done the world's work, and as long has been plundered and oppressed and betrayed, thus had occasion to learn anew the bitter lesson taught by the wreckage of the past, that it is from itself that the emancipation must come; that it is itself which must essentially think, act and strike; that its forces, long torn asunder and dispersed, must be marshalled in invulnerable compactness and iron discipline; and so that its hosts may not again be routed by strategy, no man or set of men should be entrusted with the irrevocable power of executing its decrees, for too often has the courage, boldness and strength of the many been shackled or destroyed by the compromising weakness of the leaders.

#### THE PANIC OF 1837.

Passing over the Equal Rights movement in 1834 which was a diluted revival of the Workingmen's Party, and which, also, was turned into sterility by the treachery of its leaders, we arrive at the panic of 1837, the time when Astor, profiting from misfortune on every side, vastly increased his wealth.

The panic of 1837 was one of those periodic financial and industrial convulsions resulting from the chaos of capitalist administration. No sooner had it commenced, than the banks refused to pay out any money, other than their worthless notes. For thirty-three years they had not only enjoyed immense privileges, but they had used the powers of Government to insure themselves a monopoly of the business of manufacturing money. In 1804

the Legislature of New York State had passed an extraordinary law, called the restraining act. This prohibited, under severe penalties, all associations and individuals not only from issuing notes, but "from receiving deposits, making discounts or transacting any other business which incorporated banks may or do transact." Thus the law not only legitimized the manufacture of worthless money, but guaranteed a few banks a monopoly of that manufacture. Another restraining act was passed in 1818. The banks were invested with the sovereign privilege of depreciating the currency at their discretion, and were authorized to levy an annual tax upon the country, nearly equivalent to the interest on \$200,000,000 of deposits and circulation. On top of these acts, the Legislature passed various acts compelling the public authorities in New York City to deposit public money with the Manhattan Company. This company, although, as we have seen, expressly chartered to supply pure water to the city of New York, utterly failed to do so; at one stage the city tried to have its charter revoked on the ground of failure to carry out its chartered function, but the courts decided in the company's favor.<sup>13</sup>

At the outbreak of the panic of 1837, the New York banks held more than \$5,500,000 of public money. When called upon to pay only about a million of that sum, or the premium on it, they refused. But far worse was the experience of the general public. When they frantically besieged the banks for their money, the bank officials filled the banks with heavily armed guards and plug-uglies with orders to fire on the crowd in case a rush was attempted.<sup>14</sup>

<sup>13</sup> *People of the State of New York vs. Manhattan Co.*—Doc. No. 62, Documents of the Board of Assistant Aldermen, 1832-33, Vol. ii.

<sup>14</sup> Doc. No. 68 [New York] Senate Docs., 1838, Vol. ii.

In every State conditions were the same. In May, 1837, not less than eight hundred banks in the United States suspended payment, refusing a single dollar to the Government whose deposits of \$30,000,000 they held, and to the people in general who held \$120,000,000 of their notes. No specie whatever was in circulation. The country was deluged with small notes, colloquially termed *shinplasters*. Of every form and every denomination from the alleged value of five cents to that of five dollars, they were issued by every business individual or corporation for the purpose of paying them off as wages to their employees. The worker was forced to take them for his labor or starve. Moreover, the *shinplasters* were so badly printed that it was not hard to counterfeit them. The counterfeiting of them quickly became a regular business; immense quantities of the stuff were issued. The worker never knew whether the bills paid him for his work were genuine or counterfeit, although essentially there was not any great difference in basic value between the two.<sup>14a</sup>

#### THE RESULTING WIDESPREAD DESTITUTION.

Now the storm broke. Everywhere was impoverishment, ruination and beggary. Every bank official in New York City was subject to arrest for the most serious frauds and other crimes, but the authorities took no action. On the contrary, so complete was the dominance of the banks over Government, <sup>15</sup> that they hurriedly got the Legislature to pass an act practically authorizing a

<sup>14a</sup> Abridgement of the Debates of Congress, from 1789 to 1856, xiii: 426-427.

<sup>15</sup> In the course of this work, the word Government is frequently used to signify not merely the functions of the National Government, but those of the totality of Government, State and municipal, not less than National.

suspension of specie payments. The consequences were appalling. "Thousands of manufacturing, mercantile, and other useful establishments in the United States," reported a New York Senate Committee, "have been broken down or paralyzed by the existing crisis. . . . In all our great cities numerous individuals, who, by a long course of regular business, had acquired a competency, have suddenly been reduced, with their families to beggary."<sup>16</sup> New York City was filled with the homeless and unemployed. In the early part of 1838 one-third of all the persons in New York City who subsisted by manual labor, were wholly or substantially without employment. Not less than 10,000 persons were in utter poverty, and had no other means of surviving the winter than those afforded by the charity of neighbors. The almshouses and other public and charitable institutions overflowed with inmates, and 10,000 sufferers were still uncared for.

The prevailing system, as was pointed out even by the conventional and futile reports of legislative committees, was one inevitably calculated to fill the country with beggars, vagrants and criminals. This important fact was recognized, although in a remote way, by De Beaumont and De Tocqueville who, however, had no fundamental understanding of the deep causes, nor even of the meaning of the facts which they so accurately gathered. In their elaborate work on the penitentiary system in the United States, published in 1833, they set forth that it was their conclusion that in the four States, New York, Massachusetts, Connecticut and Pennsylvania, the prison system of which they had fully investigated, almost all of those convicted for crimes from 1800 to 1830 were convicted for offenses against property. In these four

<sup>16</sup> Doc. No. 49 [New York] Senate Docs., 1838, Vol. ii.

States, collectively, with a population amounting to one-third of that of the Union, not less than 91.29 out of every 100 convictions were for crimes against property, while only 8.66 of every 100 were for crimes against persons, and 4.05 of every 100 were for crimes against morals. In New York State singly, 93.56 of every 100 convictions were for crimes against property and 6.26 for crimes against persons.<sup>16a</sup>

#### PROPERTY AND CRIME.

Thus we see from these figures filled with such tragic eloquence, the economic impulse working at bottom, and the property system corrupting every form of society. But here a vast difference is to be noted. Just as in England the aristocracy for centuries had made the laws and had enforced the doctrine that it was they who should wield the police power of the State, so in the United States, to which the English system of jurisprudence had been transplanted, the propertied interests, constituting the aristocracy, made and executed the laws. De Beaumont and De Tocqueville passingly observed that while the magistrates in the United States were plebeian, yet they followed out the old English system; in other words, they enforced laws which were made for, and by, the American aristocracy, the trading classes.

The views, aims and interests of these classes were so thoroughly intrenched in law that the fact did not escape the keen notice of these foreign investigators. "The Americans, descendants of the English," they wrote, "have provided in every respect for the rich and

<sup>16a</sup> "On the Penitentiary System in the United States," etc., by G. De Beaumont and A. De Tocqueville, Appendix 17, Statistical Notes: 244-245.

hardly at all for the poor. . . . In the same country where the complainant is put in prison, the thief remains at liberty, if he can find bail. Murder is the only crime whose authors are not protected.<sup>17</sup> . . . The mass of lawyers see in this nothing contrary to their ideas of justice and injustice, nor even to their democratic institutions.”<sup>18</sup>

#### THE SYSTEM — HOW IT WORKED.

The system, then, frequently forced the destitute into theft and mendicancy. What resulted? Laws, inconceivably harsh and brutal, enacted by, and in behalf of, property rights were enforced with a rigor which seems unbelievable were it not that the fact is verified by the records of thousands of cases. Those convicted for robbery usually received a life sentence; they were considered lucky if they got off with five years. The ordinary sentence for burglary was the same, with variations. Forgery and grand larceny were punishable with long terms, ranging from five to seven years. These were the laws in practically all of the States with slight differences. But they applied to whites only. The negro slave criminal had a superior standing in law, for the simple reason that while the whites were “free” labor, negroes were property, and, of course, it did not pay to send slaves to prison. In Maryland and in most Southern States, where the slaveholders were both makers and executors of law, the slaves need have no fear of prison. “The slaves, as we have seen before, are not subject to

<sup>17</sup> A complete error. Walling, for more than thirty years Superintendent of Police of New York City, says in his “Memoirs” that he never knew an instance of a rich murderer who was hanged or otherwise executed. And have we all not noted likewise?

<sup>18</sup> “On the Penitentiary System,” etc., 184-185.

the Penal Code of the whites; they are hardly ever sent to prison. Slaves who commit grave crimes are hung; those who commit heinous crimes not punishable with death are sold out of the State. In selling him care is taken that his character and former life are not known, *because it would lessen his price.*" Thus wrote De Beaumont and De Tocqueville; and in so writing they handed down a fine insight into the methods of that Southern propertied class which assumed so exalted an opinion of its honor and chivalry.

But the sentencing of the criminal was merely the beginning of a weird life of horror. It was customary at that period to immure prisoners in solitary confinement. There, in their small and reeking cells, filled with damps and pestilential odors, they were confined day after day, year after year, condemned to perpetual inactivity and silence. If they presumed to speak, they were brutally lashed with the whip. They were not allowed to write letters, nor to communicate with any member of their family. But the law condescended to allow a minister to visit them periodically in order to awaken their religious thoughts and preach to them how bad a thing it was to steal! Many were driven stark mad or died of disease; others dashed their brains out; while others, when finally released, went out into the world filled with an overpowering hatred of Society, and all its institutions, and a long-cherished thirst for vengeance against it for having thus so cruelly misused them.

Such were the laws made by the propertied classes. But they were not all. When a convict was released, the law allowed only three dollars to be given him to start anew with. "To starve or to steal is too often the only alternative," wrote John W. Edmonds, president



of the New York board of prison inspectors in 1844.<sup>19</sup> If the released convict did steal he was nearly always sent back to prison for life.

Equally severe in their way were the laws applying to mendicants and vagrants. Six months or a year in the penitentiary or workhouse was the usual sentence. After the panic of 1837, crime, mendicancy, vagrancy and prostitution tremendously increased, as they always do increase after two events: war, which, when over, turns into civil life a large number of men who cannot get work; and panics which chaotically uproot industrial conditions and bring about widespread destitution. Although undeniably great frauds had been committed by the banking class, not a single one of that class went to jail. But large numbers of persons convicted of crimes against property, and great batches of vagrants were dispatched there, and also many girls and women who had been hurled by the iron force of circumstances into the horrible business of prostitution.

These were some of the conditions in those years. Let it not, however, be supposed that the traders, bankers and landowners were impervious to their own brand of sensibilities. They dressed fastidiously, went to church, uttered hallalujahs, gave dainty receptions, formed associations to dole out alms and—kept up prices and rents. Notwithstanding the general distress, rents in New York City were greater than were paid in any other city or village upon the globe.<sup>20</sup>

<sup>19</sup> Prison Association of New York, Annual Reports, 1844 46. It is characteristic of the origin of all of these charity associations, that many of the founders of this prison association were some of the very men who had profited by bribery and theft. Horace Greeley was actuated by pure humanitarian motives, but such incorporators as Prosper Wetmore, Ulshoeffer, and others were, or had been, notorious in lobbying by bribing bank charters through the New York Legislature.

<sup>20</sup> "The New Yorker," Feb. 17, 1838.

## CHAPTER V

### THE MOMENTUM OF THE ASTOR FORTUNE

It was at this identical time, in the panic of 1837, that Astor was phenominally active in profiting from despair. "He added immensely to his riches," wrote a contemporaneous narrator, "by purchases of State stocks, bonds and mortgages in the financial crisis of 1836-37. He was a willing purchaser of mortgages from needy holders at less than their face; and when they became due, he foreclosed on them, and purchased the mortgaged property at the ruinous prices which ranged at that time."<sup>1</sup>

If his seven per cent was not paid at the exact time, he inflexibly made use of every provision of the law and foreclosed mortgages. The courts quickly responded. To lot after lot, property after property, he took full title. The anguish of families, the sorrow and suffering of the community, the blank despair and ruination which drove many to beggary and prostitution, others to suicide, all had no other effect upon him than to make him more eagerly energetic in availing himself of the misfortunes and the tragedies of others.

Now was observable the operation of the centripetal principle which applied to every recurring panic, namely, that panics are but the easy means by which the very rich are enabled to get possession of more and more of the general produce and property. The ranks of petty

<sup>1</sup> "Reminiscences of John Jacob Astor," New York "Herald," March 31, 1848.

landowners were much thinned out by the panic of 1837 and the number of independent business men was greatly reduced; a considerable part of both classes were forced down into the army of wageworkers.

#### ASTOR'S WEALTH MULTIPLIES.

Within a few years after the panic of 1837 Astor's wealth multiplied to an enormous extent. Business revived, values increased. It was now that immigration began to pour in heavily. In 1843 sixty thousand immigrants entered the port of New York. Four years later the number was 129,000 a year. Soon it rose to 300,000 a year; and from that time on kept on ever increasing. A large portion of these immigrants remained in New York City. Land was in demand as never before; fast and faster the city grew. Vacant lots of a few years before became congested with packed humanity; landlordism and slums flourished side by side, the one as a development of the other. The outlying farm, rocky and swamp lands of the New York City of 1812, with its 100,000 population became the thickly-settled metropolis of 1840, with 317,712 inhabitants and the well-nigh half-million population of 1850. Hard as the laborer might work, he was generally impoverished for the reason that successively rents were raised, and he had to yield up more and more of his labor for the simple privilege of occupying an ugly and cramped habitation.

Once having fastened his hold upon the land, Astor never sold it. From the first, he adopted the plan, since religiously followed, for the most part, by his descendants, of leasing the land for a given number of years, usually twenty-one. Large tracts of land in the heart of

the city he let lie unimproved for years while the city fast grew up all around them and enormously increased their value. He often refused to build, although there was intense pressure for land and buildings. His policy was to wait until the time when those whom necessity drove to use his land should come to him as supplicants and accept his own terms. For a considerable time no one cared to take his land on lease at his onerous terms. But, finally, such was the growth of population and business, that his land was indispensable and it was taken on leaseholds.

Astor's exactions for leaseholds were extraordinarily burdensome. But he would make no concessions. The lessee was required to erect his dwelling or business place at his own expense; and during the period of the twenty-one years of the lease, he not only had to pay rent in the form of giving over to Astor five or six per cent of the value of the land, but was responsible for all taxes, repairs and all other charges. When the ground lease expired the buildings became Astor's absolute property. The middleman landlord, speculative lessee or trading tenant who leased Astor's land and put up tenements or buildings, necessarily had to recoup himself for the high tribute that he had to pay to Astor. He did this either by charging the worker exorbitant rents or demanding excessive profits for his wares: in both of which cases the producers had finally to foot the bill.

#### EVASION OF ASSESSMENTS BY THE LANDLORDS.

The whole machinery of the law Astor, in common with all other landlords, used ruthlessly in enforcing his rights as landlord or as lessor or lessee. Not a single instance has come down of any act of leniency on Astor's

part in extending the time of tenants in arrears. Whether sickness was in the tenant's family or not, however dire its situation might be, out it was summarily thrown into the streets, with its belongings, if it failed in the slightest in its obligations.

While he was availing himself of the rigors of the law to oust tenants in arrears, he was constantly violating the law in evading assessments. But this practice was not by any means peculiar to Astor. Practically the whole propertied class did it, not merely once, but so continually that year after year official reports adverted to the fact. An Aldermanic report on taxation in 1846 showed that thirty million dollars worth of assessable property escaped taxation every year, and that no *bona fide* efforts were made by the officials to remedy that state of affairs.<sup>2</sup> The state of morality among the propertied classes — those classes which demanded such harsh laws for the punishment of vagrants and poor criminals — is clearly revealed by this report made by a committee of the New York Board of Aldermen in 1847:

For several years past the evasion of taxation on the part of those engaged in the business of the city, and enjoying the protection and benefits of its municipal government and its great public improvements, has engaged the attention of the city authorities, called forth reports of committees and caused application to the Legislature for relief, but the demands of justice and the dictates of sound policy have hitherto been entirely unheeded.

Necessarily they were unheeded, for the very obvious reason that it was this same class which controlled the administration of government. This class distorted the powers of government by calling either for the drastic

<sup>2</sup> Doc. No. 24, Proceedings of the [New York City] Board of Assistant Aldermen, xxix. The Merchant's Bank, for instance, was assessed in 1833 at \$6,000; it had cost that sum twenty years before and in 1833 was worth three times as much.

enforcement of laws operating for its interests, or for the partial or entire immunity from other laws militating against its interests and profit. The report thus continued:

Our rich merchants and heavy capitalists . . . find excuses to remove their families to nearby points and thus escape all taxation whatever, except for the premises that they occupy. *More than 2,000 firms engaged in business in New York, whose capital is invested and used in New York, and with an aggregate personal property of \$30,000,000, thus escape taxation.*<sup>3</sup>

#### DEFRAUDING A FINE ART.

The committee pointed out that at the taxable rate of 1 per cent the city was, in that way, being cheated out of the sum of \$225,000 or \$300,000 a year. These two thousand firms who every year defrauded the city were the eminently respectable and influential merchants of the city; most of them were devout church members; many were directors or members of charitable societies to relieve the poor; and all of them, with vast pretensions of superior character and ability, joined in opposing any movement of the working classes for better conditions and in denouncing those movements as hostile to the security of property and as dangerous to the welfare of society. Each of these two thousand firms year after year defrauded the city out of an average of \$150 annually in that one item, not to mention other frauds. Yet not once was the law invoked against them. The taxation that they shirked fell upon the working class in addition to all of those other myriad forms of indirect taxation which the workers finally had to bear. Yet, as we have noted before, if a poor man

<sup>3</sup> Proceedings of the [New York City] Board of Assistant Aldermen, xxix, Doc. No. 18.

or woman stole property of the value of \$25 or more, conviction carried with it a long term in prison for grand larceny. In every city — in Boston, Philadelphia, Cincinnati, Baltimore, New Orleans and in every other place — the same, or nearly the same, conditions prevailed. The rich evaded taxation; and if in the process it was necessary to perjure themselves, they committed perjury with alacrity. Astor was far from being an exception. He was but an illustrious type of the whole of his class.

But, how, in a Government theoretically democratic and resting on popular suffrage, did the propertied interests get control of Government functions? How were they able to sway the popular vote and make, or evade, laws?

By various influences and methods. In the first place, the old English ideas of the superiority of aristocracy had a profound effect upon American thought, customs and laws. For centuries these ideas had been incessantly disseminated by preachers, pamphleteers, politicians, political economists and editors. Where in England the concept applied mainly to rank by birth, in America it was adapted to the native aristocracy, the traders and landowners. In England it was an admixture of rank and property; in America, where no titles of nobility existed, it became exclusively a token of the propertied class. The people were assiduously taught in many open and subtle ways to look up to the inviolability of property, just as in the old days they had been taught to look humbly up to the majesty of the king. Propertied men, it was preached and admonished, represented the worth, stability, virtue and intelligence of the community. They were the solid, substantial men. What importance was to be attached to the propertyless? They, forsooth, were regarded as irresponsible and vul-

gar; their opinions and aspirations were held of small account.

#### HOW PUBLIC OPINION WAS MADE.

The churches professed to preach to all; yet they depended largely upon men of property for contributions; and moreover the clergy, at least the influential of them, were propertied men themselves. The preachings of the colleges and the doctrines of the political economists corresponded precisely to the views the trading interests at different periods wanted taught. Many of the colleges were founded with funds contributed or bequeathed by traders. The newspapers were supported by the advertisements of the propertied class. The various legislative bodies were mainly, and the judicial benches wholly, recruited from the ranks of the lawyer class; these lawyers either had, or sought to have, the rich as clients; <sup>4</sup> few attorneys are overzealous for poor men's cases. Still further, the lawyers were deeply impregnated, not with the conception of law as it might be, but as it had been handed down through the centuries. Encrusted creatures of precedent and self-interest, they thoroughly

<sup>4</sup> Many eminent lawyers, elected or appointed to high official or judicial office, were financially interested in corporations, and very often profited in dubious ways. The case of Roger B. Taney, who, from 1836, was for many years, Chief Justice of the Supreme Court of the United States, is a conspicuous example. After he was appointed United States Secretary of the Treasury in 1833, the United States Senate passed a resolution inquiring of him whether he were not a stockholder in the Union Bank of Maryland, in which bank he had ordered public funds deposited. He admitted that he was, but asserted that he had obtained the stock *before* he had selected that bank as a depository of public funds. (See Senate Docs., First Session, 23rd Congress, Vol. iii, Doc. No. 238.) It was Taney, who as Chief Justice of the Supreme Court of the United States, handed down the decision, in the Dred Scott case, that negro slaves, under the United States Constitution, were not eligible to citizenship and were without civil rights.



accepted the doctrine that in the making and enforcement of law their concern should be for the propertied interests. With few exceptions they were aligned with the propertied.

So that here were many influences all of which conspired to spread on every hand, and drill deep in the minds of all classes, often even of those who suffered so keenly by prevalent conditions, the idea that the propertied men were the substantial element. Consequently with this idea continuously driven into every stratum of society, it was not surprising that it should be embodied in thoughts, customs, laws and tendencies. Nor was it to be wondered at that when occasionally a proletarian uprising enunciated radical principles, these principles should seem to be abnormally ultra-revolutionary. All society, for the most part, except a fragment of the working class, was enthralled by the spell of property.

#### THE SANCTITY OF PROPERTY.

Out of this prevailing idea grew many of the interpretations and partial enforcements. A legislator, magistrate or judge might be the very opposite of venal, and yet be irresistibly impelled by the force of training and association to take the current view of the unassailable rights and superiority of property. It would be biassed, in fact, ridiculous to say that the privileges and exemptions enjoyed by the rich were altogether the outcome of corruption by bribes. There is a much more subtle and far more effective and dangerous form of corruption. This is corruption of the mind. For innumerable centuries all government had proceeded, perhaps not avowedly, but in reality, upon the settled and consistent principle that the sanctity of property was superior to considera-

tions of human life, and that a man of property could not very well be a criminal and a peril to the community. Under various disguises church, college, newspaper, politician, judge, all were expositors of this principle.

The people were drugged with laudations of property. But these teachings were supplemented by other methods which added to their effectiveness. We have seen how after the Revolution the propertied classes withheld suffrage from those who lacked property. They feared that property would no longer be able to dominate Government. Gradually they were forced to yield to the popular demand and allow manhood suffrage. This seemed to them a new and affrighting force; if votes were to determine the personnel and policy of Government, then the propertyless, being in the majority, would overwhelm them eventually and pass an entirely new code of laws.

In one State after another, the propertied class were driven, after a prolonged struggle, to grant citizens a vote, whether they had property or not. In New York State unqualified manhood suffrage was adopted in 1822, but in other States it was more difficult to bring about this revolutionary change. The fundamental suffrage law of New Jersey, for instance, remained, for more than sixty years after the adoption of the Declaration of Independence, in accordance with an act passed by the Provincial Congress of New Jersey on July 2, 1776, two days before the adoption of the Declaration of Independence, or according to some authorities, on the very day of its adoption. Among other requirements this act (1 Laws, N. J. p. 4.) decreed that the voter must be "worth £50 proclamation money, clear estate within the colony." The fourth section of an act passed by the New Jersey Legislature in June, 1820 (1 Laws N. J. p. 741), expressly re-

enacted this same property qualification. By about the year 1840, however, nearly all the States had adopted manhood suffrage, so far as it applied to whites. The severest and most dramatic conflict took place in Rhode Island. In 1762 an act had been passed declaring that the possession of £40 was necessary to become qualified as a voter. This law continued in force in Rhode Island for more than eighty years. In the years 1811, 1819, 1824, 1829, 1832 and 1834 the workingmen (or the mechanics, as the official reports styled them), made the most determined efforts to have this property qualification abolished, but the propertied classes, holding the legislative power, declined to make any change. Under such a law it was easy for one-third of the total number of resident male adults to have the exclusive decisions in elections; the largest vote ever polled in Rhode Island, was in the Presidential election of 1840, when 8,662 votes were cast, in a total adult male population of permanent resident citizens of about 24,000. The result of this hostility of the propertied classes was a rising in 1840 of the workingmen in what is slurringly misdescribed in conventional history as "Dorr's Rebellion,"—an event the real history of which has not as yet been told. This movement eventually compelled the introduction in Rhode Island of suffrage without the property qualification.

How did the propertied classes meet this extension of suffrage throughout the United States?

#### CORRUPTION AT THE POLLS.

A systematic corruption of the voters was now begun. The policy of bribing certain legislators to vote for bank, railroad, insurance company and other charters was extended to reach down into ward politics, and to

corrupt the voters at the springs of power. With a part of the money made in the frauds of trade or from exactions for land, the propertied interests, operating at first by personal entry into politics and then through the petty politicians of the day, packed caucuses and primaries and bought votes at the polls. This was equally true of both city and rural communities. In many of the rural sections the morals of the people were exceedingly low, despite their church-going habits. The cities contained, as they always do contain, a certain quota of men, products of the industrial system, men of the slums and alleyways, so far gone in destitution or liquor that they no longer had manhood or principle. Along came the election funds of the traders, landholders and bankers to corrupt these men still further by the buying of their votes and the inciting of them to commit the crime of repeating at the polls. Exalted society and the slums began to work together; the money of the one purchased the votes of the other. Year after year this corruption fund increased until in the fall of 1837 the money raised in New York City by the bankers alone amounted to \$60,000. Although this sum was meager compared to the enormous corruption funds which were employed in subsequent years, it was a sum which, at that time, could do great execution. Ignorant immigrants were persuaded by offerings of money to vote this way or that and to repeat their votes. Presently the time came when batches of convicts were brought from the prisons to do repeating, and overawe the polls in many precincts.<sup>5</sup>

<sup>5</sup> These frauds at the polls went on, not only in every State but even in such newly-organized Territories as New Mexico. Many facts were brought out by contestants before committees of Congress. (See "Contested Elections," 1834 to 1865, Second Session, 38th Congress, 1864-65, Vol. v, Doc. No. 57.) In the case of *Monroe vs. Jackson*, in 1848, James Monroe claimed that his opponent was illegally elected by the votes of convicts and

As for that class of voters who could not be bribed and who voted according to their conceptions of the issues involved, they were influenced in many ways:—by the partisan arguments of newspapers and of political speech-makers. These agencies of influencing the body politic were indirectly controlled by the propertied interests in one form or another. A virtual censorship was exercised by wealth; if a newspaper dared advocate any issue not approved by the vested interests, it at once felt the resentment of that class in the withdrawal of advertisements and of those privileges which banks could use or abuse with such ruinous effect.

#### POLITICAL SUBSERVIENCY.

Finally, both of the powerful political parties were under the domination of wealth; not, to be sure, openly so, but insidiously. Differences of issue there assuredly were, but these issues did not in any way affect the basic structure of society, or threaten the overthrow of any of the fundamental privileges held by the rich. The political campaigns, except that later contest which decided the eventual fate of chattel slavery, were, in actuality, sham battles. Never were the masses so enthusiastic since the campaign of 1800 when Jefferson was elected, as they were in 1832 when they sided with President Jackson in his fight against the United States Bank. They considered this contest as one between the people, on the one side, and, on the other, the monied aristocracy

other non-voters brought over from Blackwell's Island. The majority of the House Elections Committee reported favoring Monroe's being seated. Aldermanic documents tell likewise of the same state of affairs in New York. (See the author's "History of Tammany Hall.") Similar practices were common in Philadelphia, Baltimore and other cities, and in country townships.

of the country. The United States Bank was effaced; but the State banks promptly took over that share of the exploitative process so long carried on by the United States Bank, and the people, as has already been explained, were no better off than they were before. One set of ruling capitalists had been put down only to make way for another.

Both parties received the greater part of their campaign funds from the men of large property and from the vested corporations or other similar interests. Astor, for example, was always a liberal contributor, now to the Whig party and again to the Democratic. In return, the politicians elected by those parties to the legislature, the courts or to administrative offices usually considered themselves under obligations to that element which financed their campaigns and which had the power of defeating their reelection by the refusal of funds or by supporting the opposite party. The masses of the people were simply pawns in these political contests, yet few of them understood that all the excitement, partisan activity and enthusiasm into which they threw themselves, generally had no other significance than to enchain them still faster to a system whose beneficiaries were continuously getting more and more rights and privileges for themselves at the expense of the people, and whose wealth was consequently increasing by precipitate bounds.

#### ASTOR BECOMES AMERICA'S RICHEST MAN.

Astor was now the richest man in America. In 1847 his fortune was estimated at fully \$20,000,000. In all the length and breadth of the United States there was no man whose fortune was within even approachable dis-

tance of his. With wonderment his contemporaries regarded its magnitude. How great it ranked at that period may be seen by a contrast with the wealth of other men who were considered very rich.

In 1847 and 1852 a pamphlet listing the number of rich men in New York was published under the direction of Moses Yale Beach, publisher of the "New York Sun." The contents of this pamphlet were vouched for as strictly accurate.<sup>6</sup> The pamphlet showed that there were at that time perhaps twenty-five men in New York City who were ranked as millionaires. The most prominent of these were Peter Cooper with an accredited fortune of \$1,000,000; the Goetts, \$2,000,000; the Lorillards, \$1,000,000; Moses Taylor, \$1,000,000; A. T. Stewart, \$2,000,000; Cornelius Vanderbilt, \$1,500,000, and William B. Crosby, \$1,500,000. There were a few fortunes of \$500,000 each, and several hundred ranging from \$100,000 to \$300,000. The average fortunes graded from \$100,000 to \$200,000. A similar pamphlet published in Philadelphia showed that that city contained a bevy of nine millionaires, only two of whose individual fortunes exceeded \$1,000,000.<sup>7</sup> No facts are available as to the private fortunes in Boston and other cities. Occasionally the briefest mention would appear in the almanacs of the period of the death of this or that rich

<sup>6</sup> "The Wealth and Biography of the Wealthy Citizens of the City of New York." By Moses Yale Beach.

<sup>7</sup> "Wealth and Biography of the Wealthy Citizens of Philadelphia." By a Member of the Philadelphia Bar, 1845.

The misconception which often exists even among those who profess the deepest scholarship and the most certainty of opinion as to the development of men of great wealth was instanced by a misstatement of Dr. Felix Adler, leader of the New York Society for Ethical Culture. In an address on "Anti-Democratic Tendencies in American Life" delivered some years ago, Dr. Adler asserted: "Before the Civil War there were three millionaires; now there are 4,000." The error of this assertion is evident.

man. There is a record of the death of Alexander Milne, of New Orleans, in 1838 and of his bequest of \$200,000 to charitable institutions, and of the death of M. Kohne, of Charleston, S. C., in the same year with the sole fact that he left \$730,000 in charitable bequests. In 1841 there appeared a line that Nicholas Girod, of New Orleans, died leaving \$400,000 to "various objects," and a scant notice of the death of William Bartlett, of Newburyport, Mass., coupled with the fact that he left \$200,000 to Andover Seminary. It is entirely probable that none of these men were millionaires; otherwise the fact would have been brought out conspicuously. Thus, when Pierre Lorillard, a New York snuff maker, banker, and landholder, died in 1843, his fortune of \$1,000,000 or so, was considered so unusual that the word *millionaire*, newly-coined, was italicized in the rounds of the press. Similarly in the case of Jacob Ridgeway, a Philadelphia millionaire, who died in the same year.

The passing away now of a man worth a mere million, calls forth but a trifling, passing notice. Yet when Henry Brevoort died in New York City in 1848, his demise was accounted an event in the annals of the day. His property was estimated at a valuation of about \$1,000,000, the chief source of which came from the ownership of eleven acres of land in the heart of the city. Originally his ancestors cultivated a truck farm and ran a dairy on this land, and daily in the season carried vegetables, butter and milk to market. Brevoort, the newspaper biography read, was a "man of fine taste in painting, literature and intellectual pursuits of every kind. He owned a large property in the fashionable part of the city, where he erected a splendid house, elegantly adorned and furnished in the Italian style; for he was quite a connoisseur in the arts."



It can be at once seen in what transcendent degree Astor's wealth towered far above that of every other rich man in the United States.

#### ASTOR'S TOWERING WEALTH.

His fortune was the colossus of the times; an object of awe to all wealth-strivers. Necessary as manufactures were in the social and industrial system, they, as yet, occupied a strikingly subordinate and inferior position as an agency in accumulating great fortunes. Statistics issued in 1844 of manufactures in the United States showed a total gross amount of \$307,196,844 invested. Astor's wealth, then, was one-fifteenth of the whole amount invested throughout the territory of the United States in cotton and wool, leather, flax and iron, glass, sugar, furniture, hats, silks, ships, paper, soap, candles, wagons — in every kind of goods which the demands of civilization made indispensable.

The last years of this magnate were passed in an atmosphere of luxury, laudation and power. On Broadway, by Prince street, he built a pretentious mansion, and adorned it with works of art which were more costly than artistic. Of medium height, he was still quite stout, but his once full, heavy face and his deep set eyes began to sag from the encroachments of extreme advanced age. He could be seen every weekday poring over business reports at his office on Prince street — a one-story, fireproof brick building, the windows of which were guarded by heavy iron bars. The closing weeks of his life were passed at his country seat at Eighty-eighth street and the East River. Infirm and debilitated, so weak and worn that he was forced to get his nourishment like an infant at a woman's breast, and to have exercise administered by being tossed in a blanket, he yet re-

tained his faculty of vigilantly scrutinizing every arrear on the part of tenants, and he compelled his agent to render daily accounts. Parton relates this story:

One morning this gentleman [the agent] chanced to enter his room while he was enjoying his blanket exercise. The old man cried out from the middle of his blanket:

"Has Mrs. ——— paid that rent yet?"

"No," replied the agent.

"Well, but she must pay it," said the poor old man.

"Mr. Astor," rejoined the agent, "she can't pay it now; she has had misfortunes, and we must give her time."

"No, no," said Astor; "I tell you she can pay it and she will pay it. You don't go the right way to work with her."

The agent took leave, and mentioned the anxiety of the old gentleman with regard to this unpaid rent to his son, who counted out the requisite sum, and told the agent to give it to the old man, as if he had received it from the tenant.

"There," exclaimed Mr. Astor when he received the money. "I told you that she would pay it if you went the right way to work with her."<sup>8</sup>

#### THE DEATH OF JOHN JACOB ASTOR.

So, to the last breath, squeezing arrears out of tenants; his mind focused upon those sordid methods which had long since become a religion to him; contemplating the long list of his possessions with a radiant exaltation; so Astor passed away. He died on March 29, 1848, aged eighty-four years, four months; and almost as he died, the jubilant shouts of the enthusiastic workingmen's processions throughout the city resounded high and often. They were celebrating the French Revolution of 1848, intelligence of which had just arrived;—a Revolution brought about by the blood of the Parisian workingmen, only to be subsequently stifled by the stratagems

<sup>8</sup> Parton's "Life of John Jacob Astor": 80-81.

of the bourgeoisie and turned into the corrupt despotism of Napoleon III.

The old trader left an estate valued at about \$20,000,000. The bulk of this descended to William B. Astor. The extent of wealth disclosed by the will made a profound impression. Never had so rich a man passed away; the public mind was not accustomed to the sight of millions of dollars being owned by one man. One New York newspaper, the "Journal," after stating that Astor's personal estate amounted to seven or nine million dollars, and his real estate to perhaps more, observed: "Either sum is quite out of our small comprehension; and we presume that with most men, the idea of one million is about as large an item as that of any number of millions." An entirely different and exceptional view was taken by James Gordon Bennett, owner and editor of the New York "Herald;" Bennett's comments were the one distinct contrast to the mass of flowery praise lavished upon Astor's memory and deeds. He thus expressed himself in the issue of April 5, 1848:

We give in our columns an authentic copy of one of the greatest curiosities of the age—the will of John Jacob Astor, disposing of property amounting to about twenty million dollars, among his various descendants of the first, second, third, and fourth degrees. . . . If we had been an associate of John Jacob Astor . . . the first idea that we should have put into his head would have been that *one-half of his immense property—ten millions at least—belonged to the people of the city of New York*. During the last fifty years of the life of John Jacob Astor, his property has been augmented and increased in value by the aggregate intelligence, industry, enterprise and commerce of New York, fully to the amount of one-half its value. The farms and lots of ground which he bought forty, twenty and ten and five years ago, have all increased in value entirely by the industry of the citizens of New York. Of course, it is plain as that two and two make four, that the half of his immense estate,

in its actual value, has accrued to him by the industry of the community.

#### THE WONDER OF THE AGE.

The analyst might well be tempted to smile at the puerility of this logic. If Astor was entitled to one-half of the value created by the collective industry of the community, why was he not entitled to all? Why make the artificial division of one-half? Either he had the right to all or to none. But this editorial, for all its defects of reasoning, was an unusual expression of newspaper opinion, although of a single day, and was smothered by the general course of that same newspaper in supporting the laws and institutions demanded by the commercial aristocracy.

So the arch multi-millionaire passed away, the wonder and the emulation of the age. His friends, of whom he had a few, deeply mourned him, and his bereaved family suffered a deep loss, for, it is related, he was a kind and indulgent husband and father. He left a legacy of \$400,000 for the establishment of the Astor Library; for this and this alone his memory has been preserved as that of a philanthropist. The announcement of this legacy was hailed with extravagant joy; yet such is the value of meretricious glory and the ideals of present society, that none has remarked that the proceeds of one year's pillage of the Indians were more than sufficient to found this much-praised benevolence. Thus does society blind itself to the origin of the fortunes, a fraction of which goes to gratify it with gifts. The whole is taken from the collective labor of the people, and then a part is returned in the form of institutional presents which are in reality bits of charity bestowed upon the very people from whose exploitation the money has come. Astor, no doubt, thought that, in providing for a public

library, he was doing a service to mankind; and he must be judged, not according to the precepts and demands of the scarcely heard working class of his day with its altruistic aspirations, nor of more advanced present ideas, but by the standards of his own class, that commercial aristocracy which arrogated to itself superiority of aims and infallibility of methods.

He died the richest man of his day. But vast fortunes could not be heaped up by him and his contemporaries without having their corresponding effect upon the mass of the people. What was this effect? At about the time that he died there was in New York City one pauper to every one hundred and twenty-five inhabitants and one person in every eighty-three of the population had to be supported at the public expense.<sup>9</sup>

<sup>9</sup> Proceedings of the Board of Assistant Aldermen, xxix, Doc. No. 24. This poverty was the consequence, not of any one phase of the existing system, nor of the growth of any one fortune, but resulted from the whole industrial system. The chief form of the exploitation of the worker was that of his capacity as a producer; other forms completed the process. A considerable number of the paupers were immigrants, who, fleeing from exploitation at home, were kept in poverty in America, "the land of boundless resources." The statement often made that there were no tramps in the United States before the Civil War is wholly incorrect.

## CHAPTER VI

### THE PROPULSION OF THE ASTOR FORTUNE

At the time of his father's death, William B. Astor, the chief heir of John Jacob Astor's twenty million dollars, was fifty-six years old. A tall, ponderous man, his eyes were small, contracted, with a rather vacuous look, and his face was sluggish and unimpressionable. Extremely unsocial and taciturn, he never betrayed emotion and generally was destitute of feeling. He took delight in affecting a carelessly-dressed, slouchy appearance as though deliberately notifying all concerned that one with such wealth as he was privileged to ignore the formulas of punctilious society. In this slovenly, stoop-shouldered man with his cold, abstracted air no one would have detected the richest man in America.

Acquisitiveness was his most marked characteristic. Even before his father's death he had amassed a fortune of his own by land speculations and banking connections, and he had inherited \$500,000 from his uncle Henry, a butcher on the Bowery. It was said in 1846 that he possessed an individual fortune of \$5,000,000. During the last years of his father he had been president of the American Fur Co., and he otherwise knew every detail of his father's multifarious interests and possessions.

#### WILLIAM B. ASTOR'S PARSIMONY.

He lived in what was considered a fine mansion on Lafayette place, adjoining the Astor Library. The sideboards were heaped with gold plate, and polyglot serv-

ants in livery stood obediently by at all times to respond to his merest nod. But he cared little for this show, except in that it surrounded him with an atmosphere of power. His frugality did not arise from wise self-control, but from his parsimonious habits. He scanned and revised the smallest item of expense. Wine he seldom touched, and the average merchant spent more for his wardrobe than he did. At a time when the rich despised walking and rode in carriages drawn by fast horses, he walked to and from his business errands. This severe economy he not only practiced in his own house, but he carried it into every detail of his business. Arising early in the morning, he attended to his private correspondence before breakfast. This meal was served punctually at 9 o'clock. Then he would stride to his office on Prince street. A contemporary writer says of him:

He knew every inch of real estate that stood in his name, every bond, contract and lease. He knew what was due when leases expired, and attended personally to the matter. No tenants could expend a dollar, or put in a pane of glass without his personal inspection. His father sold him the Astor House [an hotel] for the sum of one dollar. The lessees were not allowed to spend one cent on the building, without his supervision and consent, unless they paid for it themselves.

In the upper part of New York hundreds of lots can be seen enclosed by dilapidated fences, disfigured by rocks and waste material, or occupied as [truck] gardens. They are eligibly located, many of them surrounded by a fashionable population. . . . Mr. Astor owned most of these corner lots but kept the corners for a rise. He would neither sell nor improve them. . . . He knew that no parties can improve the center of a block without benefiting the corners.

He was sombre and solitary, dwelt alone, mixed little with general society, gave little and abhorred beggars.<sup>1</sup>

<sup>1</sup> Matthew Hale Smith in "Sunshine and Shadow in New York," 186-187.

It was a common saying of him "when he paid out a cent he wanted a cent in return;" and as to his abject meannesses we forbear relating the many stories of him. He pursued, in every respect, his father's methods in using the powers of city government to obtain valuable water grants for substantially nothing, and in employing his surplus wealth for further purchases of land and in investments in other profitable channels. No scruples of any kind did he allow to interfere with his constant aim of increasing his fortune. His indifference to compunctions was shown in many ways, not the least in his open support of notoriously corrupt city and State administrations.

This corruption was by no means one existing despite him and his class, and one that was therefore accepted grudgingly as an irremediable evil. Far from it. Corrupt government was welcomed by the landholding, trading and banking class, for by it they could secure with greater facility the perpetual rights, franchises, privileges and the exemptions which were adapted to their expanding aims and riches. By means of it they were not only enabled to pile up greater and greater wealth, but to set themselves up in law as a conspicuously privileged body, distinct from the mass of the people.

#### THE PURCHASE OF LAWS.

Publicly they might pretend a proper and ostentatious horror of corruption. Secretly, however, they quickly dispensed with what were to them idle dronings of political cant. As capitalists they ascribed their success to a rigid application and practicality; and being practical they went about purchasing laws by the most short-cut and economical method. They had the money; the



office-holders had the votes and governmental power; consequently the one bought the other. It was a systematic corruption springing entirely from the propertied classes; they demanded it, were responsible for it and kept it up. It worked like an endless chain; the land, charters, franchises and privileges corruptly obtained in one set of years yielded vast wealth, part of which was used in succeeding years in getting more law-created sources of wealth. If professional politicians had long since got into the habit of expecting to be bought, it was because the landholders, traders and bankers had accustomed them to the lucrative business of getting bribes in return for extraordinary laws.

Since the men of wealth, or embryo capitalists who by hook or crook raised the funds to bribe, were themselves ready at all times to buy laws in common councils, legislatures and in Congress, it naturally followed that each of them was fully as eager to participate in the immense profits accruing from charters, franchises or special grants obtained by others of their own class. They never questioned the means by which these laws were put through. They did not care. The mere fact that a franchise was put through by bribery was a trite, immaterial circumstance. The sole, penetrating question was whether it were a profitable project. If it were, no man of wealth hesitated in investing his money in its stock and in sharing its revenue. It could not be expected that he would feel moral objections, even the most attenuated, for the chances were that while he might not have been a party to the corrupt obtaining of this or that particular franchise, yet he was involved in the grants of other special endowments. Moreover, money making was not built on morality; its whole foundation and impetus lay in the extraction of profits. So-

ciety, it is true, professed to move on lofty moral planes, but this was a colossal pretension and nothing less.

#### THE INVERTED NATURE OF SOCIETY.

Society — and this is a truth which held equally strong of succeeding decades — was incongruously inverted. In saying this, the fact should not be ignored that the capitalist, as applied to the man who ran a factory or other enterprise, was an indigenous factor in that period, even although the money or inventions by which he was able to do this, were often obtained by fraud. Every needed qualification must be made for the time and the environment, and there should be neither haste in indiscriminately condemning nor in judging by the standards or maturity of later generations.

Yet, viewing society as a whole and measuring the results by the standards and ideas then prevailing, it was undoubtedly true that those who did the world's real services were the lowly, despoiled and much discriminated-against mass of mankind. Their very poverty was a crime, for after they were plundered and expropriated, either by the ruling classes of their own country or of the United States, the laws regarded them as semi-criminals, or, at best, as excrescences to whom short shrift was to be given. They made the clothes, the shoes, hats, shirts, underwear, tools, and all the other necessities that mankind required; they tilled the ground and produced its food. Curiously enough, those who did these indispensable things were condemned by the encompassing system to live in the poorest and meanest habitations and in the most precarious uncertainty. When sick, disabled or superannuated they were cast aside by the capitalist class as so much discarded material

to eke out a prolonged misery of existence, to be thrown in penal institutions or to starve. Substantially everywhere in the United States, vagrancy laws were in force which decreed that an able-bodied man out of work and homeless must be adjudged a vagrant and imprisoned in the workhouse or penitentiary. The very law-making institutions that gave to a privileged few the right to expropriate the property of the many, drastically plunged the many down still further after this process of spoliation, like a man who is waylaid and robbed and then arrested and imprisoned because he has been robbed.

On the other hand, the class which had the money, no matter how that money was gotten, irrespective of how much fraud or sacrifice of life attended its amassing, stood out with a luminous distinctness. It arrogated to itself all that was superior, and it exacted, and was invested with, a lordly deference. It lived in the finest mansions and laved in luxuries. Surrounded with an indescribably pretentious air of importance, it radiated tone, command and prestige.

But, such was the destructive, intestinal character of competitive warfare, that even this class was continually in the throes of convulsive struggles. Each had to fight, not merely to get the wealth of others, but to keep what he already possessed. If he could but frustrate the attempts of competitors to take what he had, he was fortunate. As he preyed upon the laborer, so did the rest of his class seek to prey upon him. If he were less able, less cunning, or more scrupulous than they, his ruination was certain. It was a system in which all methods were gauged not by the best but by the worst. Thus it was that many capitalists, at heart good men, kindly disposed and innately opposed to duplicity and fraud, were compelled to adopt the methods of their

more successful but thoroughly unprincipled competitors. And, indeed, realizing the impregnating nature of example and environment, one cannot but conclude that the tragedies of the capitalist class represented so many victims of the competitive system, the same as those among the wageworkers, although in a very different way. Yet in this bewildering jumble of fortune-snatching, an extraordinary circumstance failed to impress itself upon the class which took over to itself the claim to superior intelligence and virtue. The workers, for the most part, instinctively, morally and intellectually, knew that this system was wrong, a horror and a nightmare. But even the capitalist victims of the competitive struggle, which awarded supremacy to the knave and the trickster, went to their doom praising it as the only civilized, rational system and as unchangeable and even divinely ordained.

#### THE PREVAILING CORRUPTION.

If corruption was flagrant in the early decades of the nineteenth century, it was triply so in the middle decades. This was the period of all periods when common councils all over the country were being bribed to give franchises for various public utility systems, and legislatures and Congress for charters, land, money, and laws for a great number of railroad and other projects. The numerous specific instances cannot be adverted to here; they will be described more appropriately in subsequent parts of this work. For the present, let this general and sweeping observation suffice.

The important point which here obtrudes itself is that in every case, without an exception, the wealth amassed by fraud was used in turn to put through more frauds,

and that the net accumulation of these successive frauds is seen in the great private fortunes of to-day. We have seen how the original Astor fortune was largely derived by the use of both force and fraud among the Indians, and by the exercise of cunning and corruption in the East. John Jacob Astor's immense wealth descends mostly to William B. Astor. In turn, one of the third generation, John Jacob Astor, Jr., representing his father, William B. Astor, uses a portion of this wealth in becoming a large stockholder in the New York Central Railroad, and in corrupting the New York Legislature still further to give enormously valuable grants and special laws with incalculably valuable exemptions to that railroad. John Jacob Astor, Jr., never built a railroad in his life; he knew nothing about railroads; but by virtue of the possession of large surplus wealth, derived mainly from rents, he was enabled to buy enough of the stock to make him rank as a large stockholder. And, then, he with the other stockholders, bribed the Legislature for the passage of more laws which enormously increased the value of their stock.

It is altogether clear from the investigations and records of the time that the New York Central Railroad was one of the most industrious corrupters of legislatures in the country, although this is not saying much in dealing with a period when every State Legislature, none excepted, was making gifts of public property and of laws in return for bribes, and when Congress, as was proved in official investigations, was prodigal in doing likewise.<sup>2</sup>

In the fourteen years up to 1867, the New York Central Railroad had spent upward of a half million dollars in buying laws at Albany and in "protecting

<sup>2</sup> See Part III of this work, "The Great Railroad Fortunes."

its stockholders against injurious legislation." As one of the largest stockholders in the road John Jacob Astor, Jr., certainly must have been one of the masked parties to this continuous saturnalia of corruption. But the corruption, bad as it was, that took place before 1867, was rather insignificant compared to the eruption in the years 1868 and 1869. And here is to be noted a significant episode which fully reveals how the capitalist class is ever willing to turn over the managing of its property to men of its own class who have proved themselves masters of the art either of corrupting public bodies, or of making that property yield still greater profits.

#### BRIBERY AND BUSINESS.

In control of the New York and Harlem Railroad, Cornelius Vanderbilt had showed what a remarkably successful magnate he was in deluging legislatures and common councils with bribe money and in getting corrupt gifts of franchises and laws worth many hundreds of millions of dollars. For a while the New York Central fought him; it bribed where he bribed; when he intimidated, it intimidated. But Vanderbilt was, by far, the abler of the two contending forces. Finally the stockholders decided that he was the man to run their system; and on Nov. 12, 1867, John Jacob Astor, Jr., Edward Cunard, John Steward and others, representing more than thirteen million dollars of stock, turned the New York Central over to Vanderbilt's management on the ground, as their letter set forth, that the change would result in larger dividends to the stockholders and (this bit of cant was gratuitously thrown in) "greatly promote the interests of the public." In closing, they wrote to Vanderbilt of "your great and acknowledged abilities."

No sooner had Vanderbilt been put in control than these abilities were preëminently displayed by such an amazing reign of corruption and exaction, that even a public cynically habituated to bribery and arbitrary methods, was profoundly stirred.<sup>3</sup>

It was in these identical years that the Astors, the Goelets, the Rhinelanders and many other landholders and merchants were getting more water grants by collusion with the various corrupt city administrations. On June 14, 1850, William B. Astor gets a grant of land under water for the block between Twelfth and Thirteenth streets, on the Hudson River, at the ridiculous price of \$13 per running foot.<sup>4</sup> William E. Dodge likewise gets a grant on the Hudson River. Public opinion severely condemned this practical giving away of city property, and a special committee of the Board of Councilmen was moved to report on May 15, 1854, that "the practice of selling city property, except where it is in evidence that it cannot be put to public use, is an error in finance that has prevailed too frequently; indeed the experience of about eleven years has demonstrated that sales of property usually take place about the time it is likely to be needed for public uses, or on the eve of a rise in value. Every pier, bulkhead and slip should have continued to be the property of the city. . . ." <sup>5</sup>

#### WATER GRANTS FROM TWEED.

But when the Tweed "ring" came into complete power, with its unbridled policy of accommodating anyone who could pay bribes enough, the landowners and

<sup>3</sup> See Part III, Chapters iv, v, vi, etc.

<sup>4</sup> Proceedings of the [New York City] Commissioners of the Sinking Fund, 1844-1865: 213.

<sup>5</sup> Doc. No. 46, Documents of the [New York City] Board of Aldermen, xxi, Part II.

merchants rushed to get water grants among other special privileges. On Dec. 27, 1865, William C. Rhinelanders was presented with a grant of land under water from Ninety-first to Ninety-fourth street, East River.<sup>6</sup> On March 21, 1867, Peter Goelet obtained from the Sinking Fund Commissioners a grant of land under water on the East River in front of land owned by him between Eighty-first street and Eighty-second street. The price asked was the insignificant one of \$75 a running foot.<sup>7</sup> The officials who made this grant were the Controller, Richard B. Connolly, and the Street Commissioner, George W. McLean, both of whom were arch accomplices of William M. Tweed and were deeply involved in the gigantic thefts of the Tweed ring. The same band of officials gave to Mrs. Laura A. Delano, a daughter of William B. Astor, a grant from Fifty-fifth to Fifty-seventh street, Hudson River, at \$200 per running foot, and on May 21, 1867, a grant to John Jacob Astor, Jr., of lands under water between Forty-ninth and Fifty-first streets, Hudson River, for the trivial sum of \$75 per running foot. Many other grants were given at the same time. The public, used as it was to corrupt government, could not stomach this granting of valuable city property for virtually nothing. The severe criticism which resulted caused the city officials to bend before the storm, especially as they did not care to imperil their other much greater thefts for the sake of these minor ones. Many of the grants were never finally issued; and after the Tweed "ring" was expelled from power, the Commissioners of the Sinking Fund on Feb. 28, 1882, were compelled by public agitation to rescind most of

<sup>6</sup> Proceedings of the [New York City] Commissioners of the Sinking Fund, 1844-1865: 734.

<sup>7</sup> Ibid: 865.



them.<sup>8</sup> The grant issued to Rhinelander in 1865, however, was one of those which were never rescinded.

During its control of the city administration from 1868 to 1871 alone, the Tweed "ring" stole directly from the city and county of New York a sum estimated from \$45,000,000 to \$200,000,000. Henry F. Taintor, the auditor employed by Andrew H. Green to investigate Controller Connolly's books, testified before the special Aldermanic Committee in 1877, that he had estimated the frauds during those three and a half years at from \$45,000,000 to \$50,000,000.<sup>9</sup> The committee, however, evidently thought that the thefts amounted to \$60,000,000; for it asked Tweed during the investigation whether they did not approximate that sum, to which question he gave no definite reply. But Mr. Taintor's estimate, as he himself admitted, was far from complete even for the three and a half years. Matthew J. O'Rourke, who was responsible for the disclosures, and who made a remarkably careful study of the "ring's" operations, gave it as his opinion that from 1869 to 1871 the "ring" stole about \$75,000,000 and that he thought the total stealings from about 1865 to 1871, counting vast issues of fraudulent bonds, amounted to \$200,000,000.

#### PROFITING FROM GIGANTIC THEFTS.

Every intelligent person knew in 1871 that Tweed, Connolly and their associates were colossal thieves. Yet in that year a committee of New York's leading and richest citizens, composed of John Jacob Astor, Jr.,

<sup>8</sup> Proceedings of the [New York City] Sinking Fund Commission, 1882: 2020-2023.

<sup>9</sup> Documents of the [New York City] Board of Aldermen, 1877. Part II. No. 8.

Moses Taylor, Marshall O. Roberts, E. D. Brown, George K. Sistare and Edward Schell, were induced to make an examination of the controller's books and hand in a most eulogistic report, commending Connolly for his honesty and his faithfulness to duty. Why did they do this? Because obviously they were in underhand alliance with those political bandits, and received from them special privileges and exemptions amounting in value to hundreds of millions of dollars. We have seen how Connolly made gifts of the city's property to this class of leading citizens. Moreover, a corrupt administration was precisely what the rich wanted, for they could very conveniently make arrangements with it to evade personal property taxation, have the assessments on their real estate reduced to an inconsiderable sum, and secure public franchises and rights of all kinds.

There cannot be the slightest doubt that the rich, as a class, were eager to have the Tweed régime continue. They might pose as fine moralists and profess to instruct the poor in religion and politics, but this attitude was a fraud; they deliberately instigated, supported, and benefited by, all of the great strokes of thievery that Tweed and Connolly put through. Thus to mention one of many instances, the foremost financial and business men of the day were associated as directors with Tweed in the Viaduct Railroad. This was a project to build a railroad on or above the ground *on any New York City street*. One provision of the bill granting this unprecedentedly comprehensive franchise compelled the city to take \$5,000,000 of stock; another exempted the company property from taxes or assessments. Other subsidiary bills allowed for the benefit of the railroad the widening and grading of streets which meant a "job" costing from \$50,000,000 to \$60,000,-

ooo.<sup>10</sup> This bill was passed by the Legislature and signed by Tweed's puppet Governor Hoffman; and only the exposure of the Tweed régime a few months later prevented the complete consummation of this almost unparalleled steal.

Considering the fact that the richest and most influential and respectable men were direct allies of the Tweed clique, it was not surprising that men such as John Jacob Astor, Jr., Moses Taylor, Edward Schell and company were willing enough to sign a testimonial certifying to Controller Connolly's honesty. The Tweed "ring" supposed that a testimonial signed by these men would make a great impression upon the public. Yet, stripping away the halo which society threw about them simply because they had wealth, these rich citizens themselves were to be placed in even a lower category than Tweed, on the principle that the greater the pretension, the worst in its effect upon society is the criminal act. The Astors cheated the city out of enormous sums in real estate and personal property taxation; Moses Taylor likewise did so, as was clearly brought out by a Senate Investigating Committee in 1890; Roberts had been implicated in great swindles during the Civil War; and as for Edward Schell, he, by collusion with corrupt officials, compelled the city to pay exorbitant sums for real estate owned by him and which the city needed for public purposes. And further it should be pointed out that Tweed, Connolly and Sweeny were but vulgar political thieves who retained only a small part of their thefts. Tweed died in prison quite poor; even the very extensive area of real estate that he bought with stolen money vanished, one part of it going in lieu of counsel fees to one of his lawyers, Elihu Root, United States Secretary

<sup>10</sup> New York Senate Journal, 1871:482-83.

of State under Roosevelt.<sup>11</sup> Connolly fled abroad with \$6,000,000 of loot and died there, while Sweeny settled with the city for an insignificant sum. The men who really profited directly or indirectly by the gigantic thefts of money and the franchise, tax-exemption, and other measures put through the legislature or common council were men of wealth in the background, who thereby immensely increased their riches and whose descendants now possess towering fortunes and bear names of the highest "respectability."<sup>12</sup>

The original money of the landholders came from trade; and then by a combination of cunning, bribery, and a moiety of what was considered legitimate investment, they became the owners of immense tracts of the most valuable city land. The rentals from these were so great that continuously more and more surplus wealth was heaped up. This surplus wealth, in slight part, went to bribe representative bodies for special laws giving them a variety of exclusive property, and another part was used in buying stock in various enterprises the history of which reeked with corruption.

From being mere landholders whose possessions were confined mainly to city land, they became part owners of railroad, telegraph, express and other lines reaching throughout the country. So did their holdings and wealth-producing interests expand by a cumulative and ever-widening process. The prisons were perennially filled with convicts, nearly all of whom had committed some crime against property, and for so doing were put in chains behind heavy bars, guarded by rifles and great stone walls. But the men who robbed the community of

<sup>11</sup> See Exhibits Doc. No. 8, Documents of the [New York City] Board of Aldermen, 1877.

<sup>12</sup> For a full account of the operations of the Tweed régime see the author's "History of Tammany Hall."

its land and its railroads (most of which latter were built with *public* land and money) and who defrauded it in a thousand ways, were, if not morally exculpated, at least not molested, and were permitted to retain their plunder, which, to them, was the all-important thing. This plunder, in turn, became the basis for the foundation of an aristocracy which in time built palaces, invented impressive pedigrees and crests and coats-of-arms, intermarried with European titles, and either owned or influenced newspapers and journals which taught the public how it should think and how it should act. It is one thing to commit crimes *against* property, and a vastly different thing to commit crimes *in behalf* of property. Such is the edict of a system inspired by the sway of property.

#### RENTALS FROM DISEASE AND DEATH.

But the sources of the large rentals that flowed into the exchequers of the landlords—what were they? Where did these rents, the volume of which was so great that the surplus part of them went into other forms of investments, come from? Who paid them and how did the tenants of these mammoth landlords live?

A considerable portion came from business buildings and private residences on much of the very land which New York City once owned and which was corruptly squirmed out of municipal ownership. For the large rentals which they were forced to pay, the business men recouped themselves by marking up the prices of all necessities. Another, and a very preponderable part, came from tenement houses. Many of these were also built on land filched from the city. And such habitations! Never before was anything seen like them. The reports

of the Metropolitan Board of Health for 1866, 1867 and succeeding years revealed the fact that miles upon miles of city streets were covered with densely populated tenements, where human beings were packed in vile rooms, many of which were dark and unventilated and which were pestilential with disease and overflowed with deaths. In its first report, following its organization, the Metropolitan Board of Health pointed out:

The first, and at all times the most prolific cause of disease, was found to be the very insalubrious condition of most of the tenement houses in the cities of New York and Brooklyn. These houses are generally built without any reference to the health and comfort of the occupants, but simply with a view to economy and profit to the owner. They are almost invariably overcrowded, and ill-ventilated to such a degree as to render the air within them constantly impure and offensive.

Here follows a mass of nauseating details which for the sake of not overshocking the reader we shall omit. The report continued:

The halls and stairways are usually filthy and dark, and the walls and banisters foul and damp, while the floors were not infrequently used. . . . [for purposes of nature] . . . for lack of other provisions. The dwelling rooms are usually very inadequate in size for the accommodation of their occupants, and many of the sleeping rooms are simply closets, with out light or ventilation save by means of a single door. . . . Such is the character of a vast number of tenement houses, especially in the lower part of the city and along the eastern and western border. Disease especially in the form of fevers of a typhoid character are constantly present in these dwellings and every now and then become an epidemic.<sup>13</sup>

"Some of the tenements," added the report, "are owned by persons of the highest character, but they fail to appreciate the responsibility resting on them." This

<sup>13</sup> Report of the Metropolitan Board of Health for 1866, Appendix A: 38.

sentence makes it clear that landlords could own, and enormously profit from, pig-sty human habitations which killed off a large number of the unfortunate tenants, and yet these landlords could retain, in nowise diminished, the lustre of being men "of the highest character." Fully one-third of the deaths in New York and Brooklyn resulted from zymotic diseases contracted in these tenements, yet not even a whisper was heard, not the remotest suggestion that the men of wealth who thus deliberately profited from disease and death, were criminally culpable, although faint and timorous opinions were advanced that they might be morally responsible.

#### HUMANITY OF NO CONSEQUENCE.

Human life was nothing; the supremacy of the property idea dominated all thought and all laws, not because mankind was callous to suffering, wretchedness and legalized murder, but because thought and law represented what the propertied interests demanded. If the proletarian white population had been legal slaves, as the negroes in the South had been, much consideration would have been bestowed upon their gullets and domiciles, for then they would have been property; and who ever knew the owner of property to destroy the article which represented money? But being "free" men and women and children, the proletarians were simply so many bundles of flesh whose sickness and death meant pecuniary loss to no property-holder. Therefore casualties to them were a matter of no great concern to a society that was taught to venerate the sacredness of property as embodied in brick and stone walls, clothes, machines, and furniture, which same, if inert, had the all-important virile quality of having a cash value, which the worker had not.

But these landlords "of the highest character" not only owned, and regularly collected rents from, tenement houses which filled the cemeteries, but they also resorted to the profitable business of leasing certain tenements to middlemen who guaranteed them by lease a definite and never-failing annual rental. Once having done this, the landlords did not care what the middlemen did — how much rent they exacted, or in what condition they allowed the tenements. "The middlemen," further reported the Metropolitan Board of Health,

are frequently of the most heartless and unscrupulous character and make large profits by sub-letting. They leave no space unoccupied: they rent sheds, basements and even cellars to families and lodgers; they divide rooms by partitions, and then place a whole family in a single room, to be used for living, cooking, and sleeping purposes. In the Fourth, Sixth, Seventh, Tenth, and Fourteenth Wards may be found large, old fashioned dwellings originally constructed for one family, subdivided and sublet to such an extent that even the former sub-cellars are occupied by two or more families. There is a cellar population of not less than 20,000 in New York City.

Here, again, shines forth with blinding brightness that superior morality of the propertied classes. There is no record of a single landlord who refused to pocket the great gains from the ownership of tenement houses. Great, in fact, excessive gains they were, for the land-owning class considered tenements "magnificent investments" (how edifying a phrase!) and all except one held on to them. That one was William Waldorf Astor of the present generation, who, we are told, "sold a million dollars worth of unpromising tenement house property in 1890."<sup>14</sup> What fantasy of action was it that caused William Waldorf Astor to so depart from the accepted formulas of his class as to give up these "mag-

<sup>14</sup> "America's Successful Men of Affairs": 36.



nificent investments?" Was it an abhorrence of tenements, or a growing fastidiousness as to the method? It is to be observed that up to that time he and his family had tenaciously kept the revenues from their tenements; evidently then, the source of the money was not a troubling factor. And in selling those tenements he must have known that his profits on the transaction would be charged by the buyers against the future tenants and that even more overcrowding would result. What, then, was the reason?

About the year 1887 there developed an agitation in New York City against the horrible conditions in tenement houses, and laws were popularly demanded which would put a stop to them, or at least bring some mitigation. The whole landlord class virulently combated this agitation and these proposed laws. What happened next? Significantly enough a municipal committee was appointed by the mayor to make an inquiry into tenement conditions; and this committee was composed of property owners. William Waldorf Astor was a conspicuous member of the committee. The mockery of a man whose family owned miles of tenements being chosen for a committee, the province of which was to find ways of improving tenement conditions, was not lost on the public, and shouts of derision went up. The working population was skeptical, and with reason, of the good faith of this committee. Every act, beginning with the mild and ineffective one of 1867, designed to remedy the appalling conditions in tenement houses, had been stubbornly opposed by the landlords; and even after these puerile measures had finally been passed, the landlords had resisted their enforcement. Whether it was because of the bitter criticisms levelled at him, or because he saw that it would be a good time to dispose of his tenements as a money-making matter before further laws were

passed, is not clearly known. At any rate William Waldorf Astor sold large batches of tenements.

#### AN EXALTED CAPITALIST.

To return, however, to William B. Astor. He was the owner, it was reckoned in 1875, of more than seven hundred buildings and houses, not to mention the many tracts of unimproved land that he held. His income from these properties and from his many varied lines of investments was stupendous. Every one knew that he, along with other landlords, derived great revenues from indescribably malodorous tenements, unfit for human habitation. Yet little can be discerned in the organs of public opinion, or in the sermons or speeches of the day, which showed other than the greatest deference for him and his kind. He was looked up to as a foremost and highly exalted capitalist; no church disdained his gifts;<sup>15</sup> far from

<sup>15</sup> "No church disdained his gifts." The morals and methods of the church, as exemplified by Trinity Church, were, judged by standards, much worse than those of Astor or of his fellow-landlords or capitalists. These latter did not make a profession of hypocrisy, at any rate. The condition of the tenements owned by Trinity Church was as shocking as could be found anywhere in New York City. We subjoin the testimony given by George C. Booth of the Society for the Improvement of the Condition of the Poor before a Senate Investigating Committee in 1885:

Senator Plunkett: Ask him if there is not a great deal of church influence [in politics].

The Witness: Yes, sir, there is Trinity Church..

Q.: Which is the good, and which is the bad?

A.: I think Trinity is the bad.

Q.: Do the Trinity people own a great deal of tenement property?

A.: Yes, sir.

Q.: Do they comply with the law as other people do?

A.: No, sir; that is accounted for in one way—the property is very old and rickety, and perhaps even rotten, so that some allowance must be made on that account. (Investigation of the Departments of the City of New York, by Special Committee of the [New York] Senate, 1885. 1: 193-194.)

it, these were eagerly solicited, and accepted gratefully, and even with servility. None questioned the sources of his wealth, certainly not one of those of his own class, all of whom more or less used the same means and who extolled them as proper, both traditionally and legally, and as in accordance with the "natural laws" of society. No condemnation was visited on Astor or his fellow-landlords for profiting from such ghastly harvests of disease and death. When William B. Astor died in 1875, at the age of eighty-three, in his sombre brownstone mansion at Thirty-fifth street and Fifth avenue, his funeral was an event among the local aristocracy; the newspapers published the most extravagant panegyrics and the estimated \$100,000,000 which he left was held up to all the country as an illuminating and imperishable example of the fortune that thrift, enterprise, perseverance, and ability would bring.

## CHAPTER VII

### THE CLIMAX OF THE ASTOR FORTUNE

The impressive fortune that William B. Astor left was mainly bequeathed in about equal parts to his sons John Jacob II. and William. These scions, by inheritance from various family sources, intermarriage with other rich families, or both, were already rich. Furthermore, having the backing of their father's immense riches, they had enjoyed singularly exceptional opportunities for amassing wealth on their own account.

In 1853 William Astor had married one of the Schermerhorn family. The Schermerhorns were powerful New York City landholders; and if not quite on the same pinnacle in point of wealth as the Astors, were at any rate very rich. The immensely valuable areas of land then held by the Schermerhorns, and still in their possession, were largely obtained by precisely the same means that the Astors, Goelets, Rhinelanders and other conspicuous land families had used.

### INTERRELATED WEALTH.

The settled policy, from the start, of the rich men, and very greatly of rich women, was to marry within their class. The result obviously was to increase and centralize still greater wealth in the circumscribed ownership of a few families. In estimating, therefore, the collective wealth of the Astors, as in fact of nearly all of the

great fortunes, the measure should not be merely the possessions of one family, but should embrace the combined wealth of interrelated rich families.

The wedding of William Astor (as was that of his son John Jacob Astor thirty-eight years later to a daughter of one of the richest landholding families in Philadelphia) was an event of the day if one judges by the commotion excited among what was represented as the superior class, and the amount of attention given by the newspapers. In reality, viewing them in their proper perspective, these marriages of the rich were infinitesimal affairs, which would scarcely deserve a mention, were it not for the effect that they had in centralizing wealth and for the clear picture that they give of the ideas of the times. Posterity, which is the true arbiter in distinguishing between the enduring and the evanescent, the important and the trivial, rightly cares nothing for essentially petty matters which once were held of the highest importance. Edgar Allan Poe, wearing his life out in extreme poverty, William Lloyd Garrison, thundering against chattel slavery from a Boston garret, Robert Dale Owen spending his years in altruistic endeavors — these men were contemporaries of the Astors of the second generation. Yet a marriage among the very rich was invested by the self-styled creators and dispensers of public opinion with far more importance than the giving out of the world of the most splendid products of genius or the enunciation of principles of the profoundest significance to humanity. Yet why slur the practices of past generations when we to-day are confronted by the same perversions? In the month of February, 1908, for instance, several millions of men in the United States were out of work; in destitution, because something or other stood between them and their getting work; and consequently

they and their wives and children had to face starvation. This condition might have been enough to shock even the most callous mind, certainly enough to have impressed the community. But what happened? The superficial historian of the future, who depends upon the newspapers and who gauges his facts accordingly, will conclude that there was little or no misery or abject want; that the people were interested in petty happenings of no ultimate value whatsoever; that an Oriental dance and pantomime given in New York by "society" women, led by Mrs. Waldorf Astor, where a rich young woman reaped astonishment and admiration by coiling a live boa constrictor around her neck, was one of the great events of the day, because the newspapers devoted two columns to it, whereas scarcely any mention was made of armies of men being out of work.

#### MONEY AND HUMANITY.

As it was in 1908 so was it in the decades when the capitalists of one kind or another were first piling up wealth; they were the weighty class of the day; their slightest doings were chronicled, and their filmsiest sayings were construed oracularly as those of public opinion. Numberless people sickened and died in the industrial strife and in miserable living quarters; ubiquitous capitalism was a battle-field strewn with countless corpses; but none of the professed expositors of morality, religion or politics gave heed to the wounded or the dead, or to the conditions which produced these hideous and perpetual slaughters of men, women and children. But to the victors, no matter what their methods were, or how much desolation and death they left in their path, the richest material rewards were awarded; wealth, luxury,

station and power; and the Law, the majestic, exalted Law, upheld these victors in their possessions by force of courts, police, sheriffs, and by rifles loaded with bullets if necessary.

Thus, to recapitulate, the Astors debauched, swindled and murdered the Indians; they defrauded the city of land and of taxes; they assisted in corrupting legislatures; they profited from the ownership of blocks of death-laden tenement houses; they certified to thieving administrations. Once having wrested into their possession the results of all of these and more fraudulent methods in the form of millions of dollars in property, what was their strongest ally? The Law. Yes, the Law, theoretically so impartial and so reverently induced with awe—and with force. From fraud and force the Astor fortune came, and by force, in the shape of law, it was fortified in their control. If a starving man had gone into any one of the Astor houses and stolen even as much as a silver spoon, the Law would have come to the rescue of outraged property by sentencing him to prison. Or if, in case of a riot, the Astor property was damaged, the Law also would have stepped in and compelled the county to indemnify. This Law, this extraordinary code of print which governs us, has been and is nothing more or less, it is evident, than so many statutes to guarantee the retention of the proceeds of fraud and theft, if the piracy were committed in a sufficiently large and impressive way. The indisputable proof is that every single fortune which has been obtained by fraud, is still privately held and is greater than ever; the Law zealously and jealously guards it. So has the Law practically worked; and if the thing is to be judged by its practical results, then the Law has been an instigator of every form of crime, and a bulwark of that which it instigated.

Seeing that this is so, it is not so hard to understand that puzzling problem of why so large a portion of the community has resolved itself into a committee of the whole, and while nominally and solemnly professing the accustomed and expected respect for Law, deprecates it, as it is constituted, and often makes no concealment of contempt.

#### LAW THE STRONGEST ASSET.

In penetrating into the origin and growth of the great fortunes, this vital fact is constantly forced upon the investigator: that Law has been the most valuable asset possessed by the capitalist class. Without it, this class would have been as helpless as a babe. What would the medieval baron have been without armed force? But note how sinuously conditions have changed. The capitalist class, far shrewder than the feudalistic rulers, dispenses with personally equipped armed force. It becomes superfluous. All that is necessary to do is to make the laws, and so guide things that the officials who enforce the laws are responsive to the interests of the propertied classes. Back of the laws are police forces and sheriffs and militia all kept at the expense of city, county and State—at public expense. Clearly, then, having control of the laws and of the officials, the propertied classes have the full benefit of armed forces the expense of which, however, they do not have to defray. It has unfolded itself as a vast improvement over the crude feudal system.

In complete control of the laws, the great propertied classes have been able either to profit by the enforcement, or by the violation, of them. This is nowhere more strikingly shown than in the growth of the Astor fortune, although all of the other great fortunes reveal the



same, or nearly identical, factors. With the millions made by a career of crime the original Astors buy land; they get more land by fraud; the Law throws its shield about the property so obtained. They cheat the city out of enormous sums in taxation; the Law does not molest them. On the contrary it allows them to build palaces and to keep on absorbing up more forms of property. In 1875 William Astor builds a railroad in Florida; and as a gift of appreciation, so it is told, the Florida Legislature presents him with 80,000 acres of land. It is wholly probable, if the underlying circumstances were known, that it would be found that an influence more material than a simple burst of gratitude prompted this gift. Where did the money come from with which this railroad was built? And what was the source of other immense funds which were invested in railroads, banks, industrial enterprises, in buying more land and in mortgages — in many forms of ownership?

The unsophisticated acceptor of current sophistries or the apologist might reply that all this money came from legitimate business transactions, the natural increase in the value of land, and thus on. But waiving these superficial explanations and defenses, which really mean nothing more than a forced justification, it is plain that the true sources of these revenues were of a vastly different nature. The millions in rents which flowed in to the Astor's treasury every year came literally from the sweat, labor, misery and murder of a host of men, women, and children who were never chronicled, and who went to their death in eternal obscurity.

#### THE BASIS OF WEALTH'S STRUCTURE.

It was they who finally had to bear the cost of exorbitant rents; it was their work, the products which they

created, which were the bases of the whole structure. And in speaking of murder, it is not deliberate, premeditated murder which is meant, in the sense covered by statute, but that much more insidious kind ensuing from grinding exploitation; in herding human beings into habitations unfit even for animals which need air and sunshine, and then in stubbornly resisting any attempt to improve living conditions in these houses. In this respect, it cannot be too strongly pointed out, the Astors were in nowise different from the general run of landlords. Is it not murder when, compelled by want, people are forced to fester in squalid, germ-filled tenements, where the sunlight never enters and where disease finds a prolific breeding-place? Untold thousands went to their deaths in these unspeakable places. Yet, so far as the Law was concerned, the rents collected by the Astors, as well as by other landlords, were honestly made. The whole institution of Law saw nothing out of the way in these conditions, and very significantly so, because, to repeat over and over again, Law did not represent the ethics or ideals of advanced humanity; it exactly reflected, as a pool reflects the sky, the demands and self-interest of the growing propertied classes. And if here and there a law was passed (which did not often happen) contrary to the expressed opposition of property, it was either so emasculated as to be harmless or it was not enforced.

The direct sacrifice of human life, however, was merely one substratum of the Astor fortune. It is very likely, if the truth were fully known, that the stupendous sums in total that the Astors cheated in taxation, would have been more than enough to have constructed a whole group of railroads, or to have bought up whole sections of the outlying parts of the city, or to have built dozens

of palaces. Incessantly they derived immense rentals from their constantly expanding estate, and just as persistently they perjured themselves, and defrauded the city, State and Nation of taxes. It was not often that the facts were disclosed; obviously the city or State officials, with whom the rich acted in collusion, tried their best to conceal them.

#### GREAT THEFTS OF TAXES.

Occasionally, however, some fragments of facts were brought out by a legislative investigating committee. Thus, in 1890, a State Senate Committee, in probing into the affairs of the tax department, touched upon disclosures which dimly revealed the magnitude of these annual thefts, but which in nowise astonished any well-informed person, because every one knew that these frauds existed. Questioned closely by William M. Ivins, counsel for the committee, Michael Coleman, president of the Board of Assessments and Taxes, admitted that vast stretches of real estate owned by the Astors were assessed at half or less than half of their real value.<sup>1</sup> Then followed this exchange, in which the particular "Mr. Astor" referred to was not made clear:

Q.: You have just said that Mr. Astor never sold?

A.: Once in a while he sells, yes.

Q.: But the rule is that he does not sell?

A.: Well, hardly ever; he has sold, of course.

Q.: Isn't it almost a saying in this community that the Astors buy and never sell?

A.: They are not looked upon as people who dispose of real estate after they once get possession of it.

Q.: Have you the power to exact from them a statement of their rent rolls?

A.: No.

<sup>1</sup> See Testimony taken before the [New York] Senate Committee on Cities, 1890, iii: 2312, etc.

Q.: Don't you think that . . . if you are going to levy a tax properly and fully . . . you ought to be vested with that power to learn what the returns and revenues of that property are?

A.: No, sir; it's none of our business.<sup>2</sup>

This fraudulent evasion of taxation was anything but confined to the Astor family. It was practiced by the entire large propertied interests, not only in swindling New York City of taxes on real estate, but also those on personal property. Coleman admitted that while the total valuation of the personal property of all the corporations in New York was assessed at \$1,650,000,000, they were allowed to swear it down to \$294,000,000.

Here we see again at work that fertile agency which has assisted in impoverishing the masses. Rentals are exacted from them, which represent on the average the fourth part of their wages. These rentals are based upon the full assessment of the houses that they live in. In turn, the landlords defraud the city of one-half of this assessment. In order to make up for this continuous deprivation of taxes, the city proceeds time and time again to increase taxes and put out interest-bearing bond issues. These increased taxes, as in the case of all others taxes, fall upon the workers and the results are seen in constantly rising rents and in higher prices for all necessities.

#### LICENSED PIRACY RAMPANT.

Was any criminal action ever instituted against these rich defrauders? None of which there is any record.

Not a publicist, editor, preacher was there who did not know either generally or specifically of these great frauds in taxation. Some of them might protest in a

<sup>2</sup> Testimony taken before the [New York] Senate Committee on Cities, 1890, iii: 2314-2315.

half-hearted, insincere or meaningless way. But the propertied classes did not mind wordy criticism so long as it was not backed by political action. In other words, they could afford to tolerate, even be amused by, gusty denunciation if neither the laws were changed, nor the particular enforcement or non-enforcement which they demanded. The essential thing with them was to continue conditions by which they could keep on defrauding.

Virtually all that was considered best in society — the men and women who lived in the finest mansions, who patronized art and the opera, who set themselves up as paramount in breeding, manners, taste and fashions — all of these were either parties to this continuous process of fraud or benefited by it. The same is true of this class to-day; for the frauds in taxation are of greater magnitude than ever before. It was not astonishing, therefore, when John Jacob Astor II died in 1890, and William Astor in 1892, that eulogiums should be lavished upon their careers. In all the accounts that appeared of them, not a word was there of the real facts; of the corrupt grasping of city land; of the debauching of legislatures and the manipulation of railroads; of their blocks of tenements in which disease and death had reaped so rich a harvest, or of their gigantic frauds in cheating the city of taxes. Not a word of all of these.

Without an exception the various biographies were fulsomely laudatory. This excessive praise might have defeated the purpose of the authors were it not that it was the fashion of the times to depict and accept the multimillionaires as marvels of ability, almost superhuman. This was the stuff fed out to the people; it was not to be wondered at that a period came when the popular mind reacted and sought the opposite extreme in which it laved in the most violent denunciations of the very men whom

it had long been taught to revere. That period, too, passed to be succeeded by another in which a more correct judgment will be formed of the magnates, and in which they will appear not as exceptional criminals, but as products of their times and environment, and in their true relation to both of these factors.

The fortune left by John Jacob Astor II in 1890 amounted to about \$150,000,000. The bulk of this descended to his son William Waldorf Astor. The \$75,000,000 fortune left by William Astor in 1892 was bequeathed to his son John Jacob Astor. These cousins to-day hold the greatest part of the collective Astor fortune.

Having reached the present generation, we shall not attempt to enter into a detailed narrative of their multifarious interests, embracing land, railroads, industries, insurance and a vast variety of other forms of wealth. The purpose of this work is to point out the circumstances underlying the origin and growth of the great private fortunes; in the case of the Astors this has been done sufficiently, perhaps overdone, although many facts have been intentionally left out of these chapters which might very properly have been included. But there are a few remaining facts without which the story would not be complete, and lacking which it might lose some significance.

#### THE ASTOR FORTUNE DOUBLES.

We have seen how at William B. Astor's death in 1876 the Astor fortune amounted to at least \$100,000,000, probably much more. Within sixteen years, by 1892, it had more than doubled in the hands of his two sons. How was it possible to have added the extraordinary sum of \$125,000,000 in less than a decade and a half?



**WILLIAM WALDORF ASTOR.**

Now a British Subject, Self-Expatriated. He Derives an  
Enormous Income from His American Estate.





Individual ability did not accomplish it; it is ludicrous to say that it could have done so. The methods by which much of this increase was gathered in have already been set forth. A large part came from the rise in the value of land, which value arose not from the slightest act of the Astors, but from the growth of the population and the labor of the whole body of workers. This value was created by the producers, but far from owning or even sharing in it, they were compelled to pay heavier and heavier tribute in the form of rent for the very values which they had created. Had the Astors or other landlords gone into a perpetual trance these values would have been created just the same. Then, not content with appropriating values which others created, the landlord class defrauded the city of even the fractional part of these values, in the form of taxation.

Up to the present generation the Astors had never set themselves out as "reformers" in politics. They had plundered right and left, but withal had made no great pretenses. The fortune held by the Astors, so the facts indubitably show, represents a succession of piracies and exploitation. Very curious, therefore, it is to note that the Astors of the present generation have avowed themselves most solicitous reformers and have been members of pretentious, self-constituted committees composed of the "best citizens," the object of which has been to purge New York City of Tammany corruption. Leaving aside the Astors, and considering the attitude of the propertied class as a whole, this posing of the so-called better element as reformers has been, and is, one of the most singular characteristics of American politics, and its most colossal sham. Although continuously, with rare intermissions, the landholders and the railroad and industrial magnates have been either corrupting public officials or

availing themselves of the benefits of corrupt politics, many of them, not in New York alone, but in every American city, have been, at the same time, metamorphosing themselves into reformers. Not reformers, of course, in the true, high sense of the word, but as ingenious counterfeits. With the most ardent professions of civic purity and of horror at the prevailing corruption they have come forward on occasions, clothed in a fine and pompous garb of righteousness.

#### THE QUALITY OF "REFORMERS."

The very men who cheated cities, states and nation out of enormous sums in taxation; who bribed, through their retainers, legislatures, common councils and executive and administrative officials; who corruptly put judges on the bench; who made Government simply an auxiliary to their designs; who exacted heavy tribute from the people in a thousand ways; who forced their employees to work for precarious wages and who bitterly fought every movement for the betterment of the working classes — these were the men who have made up these so-called "reform" committees, precisely as to-day they constitute them.<sup>3</sup>

<sup>3</sup> As one of many illustrations of the ethics of the propertied class, the appended newspaper dispatch from Newport, R. I., on Jan. 2, 1903, brings out some significant facts:

"William C. Schermerhorn, whose death is announced in New York, and who was a cousin of Mrs. William Astor, was one of Newport's pioneer summer residents. He was one of New York's millionaires, and his Newport villa is situated on Narragansett avenue near Cliffside, opposite the Pinard cottages.

"Mr. Schermerhorn, with Mrs. Astor and ex-Commodore Gerry, of the New York Yacht Club, in order to avoid the inheritance tax of New York, and to take advantage of Newport's low tax-rate, obtained in January last through their counsel, Colonel Samuel R. Honey, a decree declaring their citizenship in Rhode Island. Since that time Mr. Schermerhorn's residence has been in this state. In last year's tax-list he was assessed for \$150,000.

If there had been the slightest serious attempt to interfere with their vested privileges, corruptly obtained and corruptly enhanced, and with the vast amount of increment and graft that these privileges bought them, they would have instantly raised the cry of revolutionary confiscation. But they were very willing to put an end to the petty graft which the politicians collected from saloons, brothels, peddlers, and the small merchants, and thereby present themselves as respectable and public-spirited citizens, appalled at the existing corruption. The newspapers supported them in this attitude, and occasionally a sufficient number of the voters would sustain their appeals and elect candidates that they presented. The only real difference was that under an openly corrupt machine they had to pay in bribes for franchises, laws and immunity from laws, while under the "reform" administrations, which represented, and toadied to, them, they often obtained all these and more without the expenditure of a cent. It has often been much more economical for them to have "reform" in power; and it is a well known truism that the business-class reform administrations which are popularly assumed to be honest, will go to greater lengths in selling out the rights of the people than the most corrupt political machine, for the reason that their administrations are not generally suspected of corruption and therefore are not closely watched. Moreover, corruption by bribes is not always the most effective kind. There is a much more sinister form. It is that which flows from conscious class use of a responsive government for insidious ends. Practically all of the American "reform" movements have come within this scope.

"Mr. Schermerhorn was a member of both the fashionable clubs on Bellevue avenue, the Newport Casino and the Newport Reading-Room."

This is no place for a dissertation on these pseudo reform movements; it is a subject deserving a special treatment by itself. But it is well to advert to them briefly here since it is necessary to give constant insights into the methods of the propertied class. Whether corruption or "reform" administrations were in power the cheating of municipality and State in taxation has gone on with equal vigor.<sup>4</sup>

#### A VAST ANNUAL INCOME.

The collective Astor fortune, as we have said, amounts to \$450,000,000. This, however, is merely an estimate based largely upon their real estate possessions. No one but the Astors themselves know what are their holdings in bonds and stocks of every description. It is safe to venture the opinion that their fortune far exceeds \$450,000,000. Their surplus wealth piles up so fast that a large part of it is incessantly being invested in buying more land. Originally owning land in the lower part of Manhattan, they then bought land in Yorkville, then added to their possessions in Harlem, and later in the Bronx, in which part of New York City they now own immense areas. Their estate is growing larger and larger all the time.

In rents in New York City alone it is computed that the Astors collect twenty-five or thirty million dollars a year. The "Astor Estates" are managed by a central office, the agent in charge of which is said to get a salary of \$50,000 a year. All the business details are attended to entirely by this agent and his force of subordinates. Of these annual rents a part is distributed among the

<sup>4</sup> For further details on this point see Chapter ix, Part II.

various members of the Astor family according to the degree of their interest; the remainder is used to buy more land.

The Astor mansions rank among the most pretentious in the United States and in Europe. The New York City residence long occupied by Mrs. William Astor at Fifth avenue and Sixty-fifth street is one of extraordinary luxury and grandeur. Adjoining and connected with it is the equally sumptuous mansion of John Jacob Astor. In these residences, or rather palaces, splendor is piled upon splendor. In Mrs. William Astor's spacious ballroom and picture gallery, balls have been given, each costing, it is said, \$100,000. In cream and gold the picture gallery spreads; the walls are profuse with costly paintings, and at one end is a gallery in wrought iron where musicians give out melody on festive occasions. The dining rooms of these houses are of an immensity. Embellished in old oak incrustated with gold, their walls are covered with antique tapestries set in huge oak framework with margins thick with gold. Upon the diners a luxurious ceiling looks down, a blaze of color upon black oak set off by masses of gold borders. Directly above the center of the table are painted garlands of flowers and clusters of fruit. In the hub of this representation is Mrs. Astor's monogram in letters of gold. From the massive hall, with its reproductions of paintings of Marie Antoinette and other old French court characters, its statuary, costly vases and draperies, a wide marble stairway curves gracefully upstairs. To dwell upon all of the luxurious aspects of these residences would compel an extended series of details. In both of the residences every room is a thing of magnificence.

## PROXIMITY OF PALACES AND POVERTY.

From these palaces it is but a step, as it were, to gaunt neighborhoods where great parts of the population are crowded in the most inhuman way into wretched tenement houses. It is an undeniable fact that more than fifty blocks on Manhattan Island — each of which blocks is not much larger than the space covered by the Astor mansions — have each a teeming population of from 3,000 to 4,000 persons. In each of several blocks 6,000 persons are congested. In 1855, when conditions were thought bad enough, 417,476 inhabitants were crowded into the section south of Fourteenth street; but in 1907 this district contained fully 750,000 population. Forty years ago the lower sections only of Manhattan were overcrowded, but now the density of congestion has spread to all parts of Manhattan, and to parts of the Bronx and Brooklyn. On an area of two hundred acres in certain parts of New York City not less than 200,000 people exist. It is not uncommon to find eighteen men, women, and children, driven to it by necessity, sleeping in three small, suffocating rooms.

But the New York City residences of the Astors are only a mere portion of their many palaces. They have impressive mansions, costing great sums, at Newport. At Ferncliffe-on-the-Hudson John Jacob Astor has an estate of two thousand acres. This country palace, built in chaste Italian architecture, is fitted with every convenience and luxury. John Jacob Astor's cousin, William Waldorf, some years since expatriated himself from his native country and became a British subject. He bought the Cliveden estate at Taplow, Bucks, England, the old seat of the Duke of Westminster, the richest landlord in England. Thenceforth William Waldorf

scorned his native land, and has never even taken the trouble to look at the property in New York which yields him so vast a revenue. This absentee landlord, for whom, it is estimated not less than 100,000 men, women and children directly toil, in the form of paying him rent, has surrounded himself in England with a lofty feudal exclusiveness. Sweeping aside the privilege that the general public had long enjoyed of access to the Cliveden grounds, he issued strict orders forbidding trespassing, and along the roads he built high walls surmounted with broken glass. His son and heir, Waldorf Astor, has avowed that he also will remain a British subject. William Waldorf Astor, it should be said, is somewhat of a creator of public opinion; he owns a newspaper and a magazine in London.

The origin and successive development of the Astor fortune have been laid bare in these chapters; not wholly so, by any means, for a mass of additional facts have been left out. Where certain fundamental facts are sufficient to give a clear idea of a presentation, it is not necessary to pile on too much of an accumulation. And yet, such has been the continued emphasis of property-smitten writers upon the thrift, honesty, ability and sagacity of the men who built up the great fortunes, that the impression generally prevails that the Astor fortune is preëminently one of those amassed by legitimate means. These chapters should dispel this illusion.

## CHAPTER VIII

### OTHER LAND FORTUNES CONSIDERED

The founding and aggrandizement of other great private fortunes from land were accompanied by methods closely resembling, or identical with, those that the Astors employed.

Next to the Astors' estate the Goelet landed possessions are perhaps the largest urban estates in the United States in value. The landed property of the Goelet family on Manhattan Island alone is estimated at fully \$200,000,000.

#### THE GOELET FORTUNE.

The founder of the Goelet fortune was Peter Goelet, an ironmonger during and succeeding the Revolution. His grandfather, Jacobus Goelet, was, as a boy and young man, brought up by Frederick Phillips, with whose career as a promoter and backer of pirates and piracies, and as a briber of royal officials under British rule, we have dealt in previous chapters. Of Peter Goelet's business methods and personality no account is extant. But as to his methods in obtaining land, there exists little obscurity. In the course of this work it has already been shown in specific detail how Peter Goelet in conjunction with John Jacob Astor, the Rhinelanders, the Schermerhorns, the Lorillards and other founders of multimillionaire dynasties, fraudulently secured great tracts of land, during the early and middle parts of the last century, in either what was then, or what is now, in



the heart of New York City. It is entirely needless to iterate the narrative of how the city officials corruptly gave over to these men land and water grants before that time municipally owned — grants now having a present incalculable value.<sup>1</sup>

As was the case with John Jacob Astor, the fortune of the Goelets was derived from a mixture of commerce, banking and ownership of land. Profits from trade went toward buying more land, and in providing part of corrupt funds with which the Legislature of New York was bribed into granting banking charters, exemptions and other special laws. These various factors were intertwined; the profits from one line of property were used in buying up other forms and thus on, reversely and comminglingly. Peter had two sons; Peter P., and Robert R. Goelet. These two sons, with an eye for the advantageous, married daughters of Thomas Buchanan, a rich Scotch merchant of New York City, and for a time a director of the United States Bank. The result was that when their father died, they not only inherited a large business and a very considerable stretch of real estate, but, by means of their money and marriage, were powerful dignitaries in the directing of some of the richest and most despotic banks. Peter P. Goelet was for several years one of the directors of the Bank of New York, and both brothers benefited by the corrupt control of the United States Bank, and were principals among the founders of the Chemical Bank.

<sup>1</sup> Some of this land and these water grants and piers were obtained by Peter Goelet during the corrupt administration of City Controller Romaine. Goelet, it seems, was allowed to pay in installments. Thus, an entry, on January 26, 1807, in the municipal records, reads: "On receiving the report of the Street Commissioner, Ordered that warrants issue to Messrs. Anderson and Allen for the three installments due to them from Mr. Goelet for the Whitehall and Exchange Piers."—MSS Minutes of the [New York City] Common Council, 1807, xvi: 286.

These brothers had set out with an iron determination to build up the largest fortune they could, and they allowed no obstacles to hinder them. When fraud was necessary they, like the bulk of their class, unhesitatingly used it. In getting their charter for the notorious Chemical Bank, they bribed members of the Legislature with the same phlegmatic serenity that they would put through an ordinary business transaction. This bank, as we have brought out previously, was chartered after a sufficient number of members of the Legislature had been bribed with \$50,000 in stock and a large sum of money. Yet now that this bank is one of the richest and most powerful institutions in the United States, and especially as the criminal nature of its origin is unknown except to the historic delver, the Goelets mention the connection of their ancestors with it as a matter of great and just pride. In a voluminous biography giving the genealogies of the rich families of New York—material which was supplied and perhaps written by the families themselves—this boast occurs in the chapter devoted to the Goelets: "They were also numbered among the founders of that famous New York financial institution, the Chemical Bank."<sup>2</sup> Thus do the crimes of one generation become transformed into the glories of another! The stock of the Chemical Bank, quoted at a fabulous sum, so to speak, is still held by a small, compact group in which the Goelets are conspicuous.

From the frauds of this bank the Goelets reaped large profits which systematically were invested in New York City real estate. And progressively their rentals from this land increased. Their policy was much the same

<sup>2</sup> "Prominent Families of New York": 231. Another notable example of this glorifying was Nicholas Biddle, long president of the United States Bank. Yet the court records show that, after a career of bribery, he stole \$400,000 of that bank's funds.

as that of the Astors — constantly increasing their land possessions. This they could easily do for two reasons. One was that almost consecutively they, along with other landholders, corrupted city governments to give them successive grants, and the other was their enormous surplus revenue which kept piling up.

#### ONCE A FARM ; NOW OF VAST VALUE.

When William B. Astor inherited in 1846 the greater part of his father's fortune, the Goelet brothers had attained what was then the exalted rank of being millionaires, although their fortune was only a fraction of that of Astor. The great impetus to the sudden increase of their fortune came in the period 1850-1870, through a tract of land which they owned in what had formerly been the outskirts of the city. This land was once a farm and extended from about what is now Union Square to Forty-seventh street and Fifth avenue. It embraced a long section of Broadway — a section now covered with huge hotels, business buildings, stores and theaters. It also includes blocks upon blocks filled with residences and aristocratic mansions. At first the fringe of New York City, then part of its suburbs, this tract lay in a region which from 1850 on began to take on great values, and which was in great demand for the homes of the rich. By 1879 it was a central part of the city and brought high rentals. The same combination of economic influences and pressure which so vastly increased the value of the Astors' land, operated to turn this quondam farm into city lots worth enormous sums. As population increased and the downtown sections were converted into business sections, the fashionables shifted their quarters from time to time, always

pushing uptown, until the Goelet lands became a long sweep of ostentatious mansions.

In imitation of the Astors the Goelets steadily adhered, as they have since, to the policy of seldom or never selling any of their land. On the other hand, they bought constantly. On one occasion they bought eighty lots in the block from Fifth to Sixth avenues, Forty-second to Forty-third streets. The price they paid was \$600 a lot. These lots have a present aggregate value of perhaps \$15,000,000 or more, although they are assessed at much less.

#### MISERS WITH MILLIONS.

The second generation of the Goelets — counting from the founder of the fortune — were incorrigibly parsimonious. They reduced miserliness to a supreme art. Likewise the third generation. Of Peter Goelet, a grandson of the original Peter, many stories were current illustrating his close-fistedness. His passion for economy was carried to such an abnormal stage that he refused even to engage a tailor to mend his garments.<sup>3</sup> He was unmarried, and generally attended to his own wants. On several occasions he was found in his office at the Chemical Bank industriously absorbed in sewing his coat. For stationery he used blank backs of letters and envelopes which he carefully and systematically saved and put away. His house at Nineteenth street, corner of Broadway, was a curiosity shop. In the basement he had a forge, and there were tools of all kinds over which he labored, while upstairs he had a law library of 10,000 volumes, for it was a fixed, cynical determination

<sup>3</sup> At this very time his wealth, judged by the standard of the times, was prodigious. "His wealth is vast — not less than five or six millions," wrote Barrett in 1862 — "The Old Merchants of New York City," 1: 349.

of his never to pay a lawyer for advice that he could himself get for the reading.

Yet this miser, who denied himself many of the ordinary comforts and conveniences of life, and who would argue and haggle for hours over a trivial sum, allowed himself one expensive indulgence — expensive for him, at least. He was a lover of fancy fowls and of animals. Storks, pheasants and peacocks could be seen in the grounds about his house, and also numbers of guinea pigs. In his stable he kept a cow to supply him with fresh milk; he often milked it himself.

This eccentric was very melancholy and, apart from his queer collection of pets, cared for nothing except land and houses. Chancing in upon him one could see him intently pouring over a list of his properties. He never tired of doing this, and was petulantly impatient when houses enough were not added to his inventory.

He died in 1879 aged seventy-nine years; and within a few months, his brother Robert, who was as much of an eccentric and miser in his way, passed away in his seventieth year.

#### THE THIRD GENERATION.

The fortunes of the brothers descended to Robert's two sons, Robert, born in 1841, and Ogden, born in 1846. These wielders of a fortune so great that they could not keep track of it, so fast did it grow, abandoned somewhat the rigid parsimony of the previous generations. They allowed themselves a glittering effusion of luxuries which were popularly considered extravagances but which were in nowise so, inasmuch as the cost of them did not represent a tithe of merely the interest on the principal. In that day, although but thirty years since, when none but the dazzlingly rich could afford to keep

a sumptuous steam yacht in commission the year round, Robert Goelet had a costly yacht, 300 feet long, equipped with all the splendors and comforts which up to that time had been devised for ocean craft. Between them, he and his brother Ogden possessed a fortune of at least \$150,000,000. The basic structure of this was New York City land, but a considerable part was in railroad stocks and bonds, and miscellaneous aggregations of other securities to the purchase of which the surplus revenue had gone. Thus, like the Astors and other rich landholders, partly by investments made in trade, and largely by fraud, the Goelets finally became not only great landlords but sharers in the centralized ownership of the country's transportation systems and industries.

When Ogden Goelet died he left a fortune of at least \$80,000,000, reckoning all of the complex forms of his property, and his brother, Robert, dying in 1899, left a fortune of about the same amount. Two children survived each of the brothers. Then was witnessed that characteristic so symptomatic of the American money aristocracy. A surfeit of money brings power, but it does not carry with it a recognized position among a titled aristocracy. The next step is marriage with title. The titled descendants of the predatory barons of the feudal ages having, generation after generation, squandered and mortgaged the estates gotten centuries ago by force and robbery, stand in need of funds. On the other hand, the feminine possessors of American millions, aided and abetted doubtless by the men of the family, who generally crave a "blooded" connection, lust for the superior social status insured by a title. The arrangement becomes easy. In marrying the Duke of Roxburghe in 1903, May Goelet, the daughter of Ogden, was but following the example set by a large number of other Amer-

ivan women of multi-millionaire families. It is an indulgence which, however great the superficial consequential money cost may be, is, in reality, inexpensive. As fast as millions are dissipated they are far more than replaced in these private coffers by the collective labor of the American people through the tributary media of rent, interest and profit. In the last ten years the value of the Goelet land holdings has enormously increased, until now it is almost too conservative an estimate to place the collective fortune at \$200,000,000.

This large fortune, as is that of the Astors and of other extensive landlords, is not, as has been pointed out, purely one of land possessions. Far from it. The invariable rule, it might be said, has been to utilize the surplus revenues in the form of rents, in buying up controlling power in a great number and variety of corporations. The Astors are directors in a large array of corporations, and likewise virtually all of the other big landlords. The rent-racked people of the City of New York, where rents are higher proportionately than in any other city, have sweated and labored and fiercely struggled, as have the people of other cities, only to deliver up a great share of their earnings to the lords of the soil, merely for a foothold. In turn these rents have incessantly gone toward buying up railroads, factories, utility plants and always more and more land.

#### WHERE SURPLUS REVENUE HAS GONE.

But the singular continuity does not end here. Land acquired by political or commercial fraud has been made the lever for the commission of other frauds. The railroads now controlled by a few men, among whom the large landowners are conspicuous, were surveyed and

built to a great extent by public funds, not private money. As time passes a gradual transformation takes place. Little by little, scarcely known to the people, laws are altered; the States and the Government, representing the interests of the vested class, surrender the people's rights, often even the empty forms of those rights, and great railroad systems pass into the hands of a small cabal of multimillionaires.

To give one of many instances: The Illinois Central Railroad, passing through an industrial and rich farming country, is one of the most profitable railroads in the United States. This railroad was built in the proportion of twelve parts to one by public funds, raised by taxation of the people of that State, and by prodigal gifts of public land grants. The balance represents the investments of private individuals. The cost of the road as reported by the company in 1873 was \$48,331 a mile. Of this amount all that private individuals contributed was \$4,930 a mile above their receipts; these latter were sums which the private owners gathered in from selling the land given to them by the State, amounting to \$35,211 per mile, and the sums that they pocketed from stock waterings amounting to \$8,189 a mile. "The unsold land grant," says Professor Frank Parsons, "amounted to 344,368 acres, worth probably over \$5,000,000, so that those to whom the securities of the company were issued, had obtained the road at a bonus of nearly \$2,000,000 above all they paid in."<sup>4</sup>

By this manipulation, private individuals not only got this immensely valuable railroad for practically nothing, but they received, or rather the laws (which they caused to be made) awarded them, a present of nearly four

<sup>4</sup> "The Railways, the Trusts and the People": 104.



millions for their dexterity in plundering the railroad from the people. What set of men do we find now in control of this railroad, doing with it as they please? Although the State of Illinois formally retains a nominal say in its management, yet it is really owned and ruled by eight men, among whom are John Jacob Astor, and Robert Walton Goelet, associated with E. H. Harriman, Cornelius Vanderbilt and four others. John Jacob Astor is one of the directors of the Western Union Telegraph monopoly, with its annual receipts of \$29,000,000 and its net profits of \$8,000,000 yearly; and as for the many other corporations in which he and his family, the Goelets and the other commanding landlords hold stock, they would, if enumerated, make a formidable list.

And while on this phase, we should not overlook another salient fact which thrusts itself out for notice. We have seen how John Jacob Astor of the third generation very eagerly in 1867 invited Cornelius Vanderbilt to take over the management of the New York Central Railroad, after Vanderbilt had proved himself not less an able executive than an indefatigable and effective briber and corrupter. So long as Vanderbilt produced the profits, Astor and his fellow-directors did not care what means he used, however criminal in law and whatever their turpitude in morals. John Jacob Astor of the fourth generation repeats this performance in aligning himself, as does Goelet, with that masterhand Harriman, against whom the most specific charges of colossal looting have been brought.<sup>5</sup> But it would be both idle and prejudicial in the highest degree to single out for condemnation a brace of capitalists for following out a line of action

<sup>5</sup> See Part III, "Great Fortunes From Railroads."

so strikingly characteristic of the entire capitalist class — a class which, in the pursuit of profits, dismisses nicety of ethics and morals, and which ordains its own laws.

#### THE RHINELANDERS.

The wealth of the Rhinelander family is commonly placed at about \$100,000,000. But this, there is excellent reason to believe, is an absurdly low approximation. Nearly a century and a half ago William and Frederick Rhinelander kept a bakeshop on William street, New York City, and during the Revolution operated a sugar factory. They also built ships and did a large commission business. It is usually set forth, in the plenitude of eulogistic biographies, that their thrift and ability were the foundation of the family's immense fortune. Little research is necessary to shatter this error. That they conducted their business in the accepted methods of the day and exercised great astuteness and frugality, is true enough, but so did a host of other merchants whose descendants are even now living in poverty. Some other explanation must be found to account for the phenomenal increase of the original small fortune and its unshaken retention.

This explanation is found partly in the fraudulent means by which, decade after decade, they secured land and water grants from venal city administrations, and in the singularly dubious arrangement by which they obtained an extremely large landed property, now having a value of tens upon tens of millions, from Trinity Church. Since the full and itemized details of these transactions have been elaborated upon in previous chapters, it is hardly necessary to repeat them. It will be recalled that, as important personages in Tammany Hall,

the dominant political party in New York City, the Rhinelanders used the powers of city government to get grant after grant for virtually nothing. From Trinity Church they got a ninety-nine year lease of a large tract in what is now the very nub of the business section of New York City—which tract they subsequently bought in fee simple. Another large tract of New York City real estate came into their possession through the marriage of William C. Rhineland, of the third generation, to a daughter of John Rutgers. This Rutgers was a lineal descendant of Anthony Rutgers, who, in 1731, obtained from the royal Governor Cosby the gift of what was then called the "Fresh Water Pond and Swamp"—a stretch of seventy acres of little value at the time, but which is now covered with busy streets and large commercial and office buildings. What the circumstances were that attended this grant are not now known. The grant consisted of what are now many blocks along Broadway north of Lispenard street. It is not merely business sections which the Rhineland family owns, however; they derive stupendous rentals from a vast number of tenement houses.

The Rhinelanders, also, employ their great surplus revenues in constantly buying more land. With true aristocratic aspirations, they have not been satisfied with mere plebeian American mansions, gorgeous palaces though they be; they set out to find a European palace with warranted royal associations, and found one in the famous castle of Schonberg, on the Rhine, near Oberwesel, which they bought and where they have ensconced themselves. How great the wealth of this family is may be judged from the fact that one of the Rhinelanders—William—left an estate valued at \$50,000,000 at his death in December, 1907.

## THE SCHERMERHORNS.

The factors entering into the building up of the Schermerhorn fortune were almost identical with those of the Astor, the Goelet and the Rhinelander fortunes. The founder, Peter Schermerhorn, was a ship chandler during the Revolution. Parts of his land and other possessions he bought with the profits from his business; other portions, as has been brought out, he obtained from corrupt city administrations. His two sons continued the business of ship chandlers; one of them — "Peter the Younger" — was especially active in extending his real estate possessions, both by corrupt favors of the city officials and by purchase. One tract of land, extending from Third avenue to the East River and from Sixty-fourth to Seventy-fifth street, which he secured in the early part of the nineteenth century, became worth a colossal fortune in itself. It is now covered with stores, buildings and densely populated tenement houses. "Peter the Younger" quickly gravitated into the profitable and fashionable business of the day — the banking business, with its succession of frauds, many of which have been described in the preceding chapters. He was a director of the Bank of New York from 1814 until his death in 1852.

It seems quite superfluous to enlarge further upon the origin of the great landed fortunes of New York City; the typical examples given doubtless serve as expositions of how, in various and similar ways, others were acquired. We shall advert to some of the great fortunes in the West based wholly or largely upon city real estate.

While the Astors, the Goelets, the Rhinelanders and others, or rather the entire number of inhabitants, were transmuting their land into vast and increasing wealth

expressed in terms of hundreds of millions in money, Nicholas Longworth was aggrandizing himself likewise in Cincinnati.

#### HOW LONGWORTH BEGAN:

Longworth had been born in Newark, N. J., in 1782, and at the age of twenty-one had migrated to Cincinnati, then a mere outpost, with a population of eight hundred sundry adventurers. There he studied law and was admitted to practice. The story of how Longworth became a landowner is given by Houghton as follows: His first client was a man accused of horse stealing. In those frontier days, a horse represented one of the most valuable forms of property; and, as under a system wherein human life was inconsequential compared to the preservation of property, the penalty for stealing a horse was usually death. No term of reproach was more invested with cutting contempt and cruel hatred than that of a horse thief. The case looked black. But Longworth somehow contrived to get the accused off with acquittal. The man—so the story further runs—had no money to pay Longworth's fee and no property except two second-hand copper stills. These also were high in the appraisal of property values, for they could be used to make whisky, and whisky could be in turn used to debauch the Indian tribes and swindle them of furs and land. These stills Longworth took and traded them off to Joel Williams, a tavern-keeper who was setting up a distillery. In exchange, Longworth received thirty-three acres of what was then considered unpromising land in the town.<sup>6</sup> From time to time he bought more land with the money made in law; this land

<sup>6</sup> "Kings of Fortune": 172.

lay on what were then the outskirts of the place. Some of the lots cost him but ten dollars each.

As immigration swarmed West and Cincinnati grew, his land consequently took on enhanced value. By 1830 the population was 24,831; twenty years later it had reached 118,761, and in 1860, 171,293 inhabitants. For a Western city this was a very considerable population for the period. The growth of the city kept on increasing. His land lay in the very center of the expanding city, in the busiest part of the business section and in the best portion of the residential districts. Indeed, so rapidly did its value grow soon after he got it, that it was no longer necessary for him to practice law or in any wise crook to others. In 1819 he gave up law, and thenceforth gave his entire attention to managing his property. An extensive vineyard, which he laid out in Ohio, added to his wealth. Here he cultivated the Catawba grape and produced about 150,000 bottles a year.

All available accounts agree in describing him as merciless. He foreclosed mortgages with pitiless promptitude, and his adroit knowledge of the law, approaching if not reaching, that of an unscrupulous pettifogger, enabled him to get the upper hand in every transaction. His personal habits were considered repulsive by the conventional and fastidious. "He was dry and caustic in his remarks," says Houghton, "and very rarely spared the object of his satire. He was plain and careless in his dress, looking more a beggar than a millionaire."

#### HIS VAGARIES — SO CALLED.

There were certain other conventional respects in which he was woefully deficient, and he had certain singularities which severely taxed the comprehension of routine

minds. None who had the appearance of respectable charity seekers could get anything else from him than contemptuous rebuffs. For respectability in any form he had no use; he scouted and scoffed at it and pulverized it with biting and grinding sarcasm. But once any man or woman passed over the line of respectability into the besmeared realm of sheer disrepute, and that person would find Longworth not only accessible but genuinely sympathetic. The drunkard, the thief, the prostitute, the veriest wrecks of humanity could always tell their stories to him and get relief. This was his grim way of striking back at a commercial society whose lies and shams and hypocrisies he hated; he knew them all; he had practiced them himself. There is good reason to believe that alongside of his one personality, that of a rapacious miser, there lived another personality, that of a philosopher.

Certainly he was a very unique type of millionaire, much akin to Stephen Girard. He had a clear notion (for he was endowed with a highly analytical and penetrating mind) that in giving a few coins to the abased and the wretched he was merely returning in infinitesimal proportion what the prevailing system, of which he was so conspicuous an exemplar, took from the whole people for the benefit of a few; and that this system was unceasingly turning out more and more wretches.

Long after Longworth had become a multimillionaire he took a savage, perhaps a malicious, delight in doing things which shocked all current conceptions of how a millionaire should act. To understand the intense scandal caused by what were considered his vagaries, it is only necessary to bear in mind the ultra-lofty position of a multimillionaire at a period when a man worth \$250,000 was thought very rich. There were only a few

millionaires in the United States, and still fewer multi-millionaires. Longworth ranked next to John Jacob Astor. On one occasion a beggar called at Longworth's office and pointed eloquently at his gaping shoes. Longworth kicked off one of his own untied shoes and told the beggar to try it on. It fitted. Its mate followed. Then after the beggar left, Longworth sent a boy to the nearest shoe store, with instructions to get a pair of shoes, but in no circumstances to pay more than a dollar and a half.

This remarkable man lived to the age of eighty-one; when he died in 1863 in a splendid mansion which he had built in the heart of his vineyard, his estate was valued at \$15,000,000. He was the largest landowner in Cincinnati, and one of the largest in the cities of the United States. The value of the land that he bequeathed has increased continuously; in the hands of his various descendants to-day it is many times more valuable than the huge fortune which he left. Cincinnati, with its population of 325,902,<sup>7</sup> pays incessant tribute in the form of a vast rent roll to the scions of the man whose main occupation was to hold on to the land he had got for almost nothing. Unlike the founder of the fortune the present Longworth generation never strays from the set formulas of respectability; it has intermarried with other rich families: and Nicholas, a namesake and grandson of the original, and a representative in Congress, married in circumstances of great and lavish pomp a daughter of President Roosevelt, thus linking a large fortune, based upon vested interests, with the ruling executive of the day and strategically combining wealth with direct political power.

The same process of reaping gigantic fortunes from

<sup>7</sup> Census of 1900.



land went on in every large city. In Chicago, with its phenomenally speedy growth of population and its vast array of workers, immense fortunes were amassed within an astonishingly short period. Here the growth of large private fortunes was marked by much greater celerity than in the East, although these fortunes are not as large as those based upon land in the Eastern cities.

#### MARSHALL FIELD AND LEITER.

The largest landowners that developed in Chicago were Marshall Field and Levi Z. Leiter. In 1895 the Illinois Labor Bureau, in that year happening to be under the direction of able and conscientious officials, made a painstaking investigation of land values in Chicago. It was estimated that the 266 acres of land, constituting what was owned by individuals and private corporations in one section alone—the South Side,—were worth \$319,000,000. This estimate was made at a time when the country was slowly recovering, as the set phrase goes, from the panic of 1892-94, and when land values were not in a state of inflation or rise. The amount of \$319,000,000 was calculated as being solely the value of the land, not counting improvements, which were valued at as much more. The principal landowner in this one section, not to mention other sections of that immense city, was Marshall Field, with \$11,000,000 worth of land; the next was Leiter, who owned in that section land valued at \$10,500,000.<sup>8</sup> It appeared from this report that eighteen persons owned \$65,000,000 of this \$319,000,000 worth of land, and that eighty-eight persons owned \$136,000,000 worth—or one-half of the entire business center of Chicago. Doubling the sums credited to Field

<sup>8</sup> Eighth Annual Report, Illinois Labor Bureau: 104-253.

and Leiter (that is to say, adding the value of the improvements to the value of the land), this brought Field's real estate in that one section to a value of \$22,000,000, and Leiter's to nearly the same. This estimate was confirmed to a surprising degree by the inventory of Field's executors reported to the court early in 1907. The executors of Field's will placed the value of his real estate in Chicago at \$30,000,000. This estimate did not include \$8,000,000 worth of land which the executors reported that he owned in New York City, nor the millions of dollars of his land possessions elsewhere.

#### FIELD'S MANY POSSESSIONS.

Field left a fortune of about \$100,000,000 (as estimated by the executors) which he bequeathed principally to two grandsons, both of which heirs were in boyhood. The factors constituting this fortune are various. At least \$55,000,000 of it was represented at the time that the executors made their inventory, by a multitude of bonds and stocks in a wide range of diverse industrial, transportation, utility and mining corporations. The variety of Field's possessions and his numerous forms of ownership were such that we shall have pertinent occasion to deal more relevantly with his career in subsequent parts of this work.

The careers of Field, Leiter and several other Chicago multimillionaires ran in somewhat parallel grooves. Field was the son of a farmer. He was born in Conway, Mass., in 1835. When twenty-one he went to Chicago and worked in a wholesale dry goods house. In 1860 he was made a partner. During the Civil War this firm, as did the entire commercial world, proceeded to hold up the nation for exorbitant prices in its con-



MARSHALL FIELD.



tracts at a time of distress. The Government and the public were forced to pay the highest sums for the poorest material. It was established that Government officials were in collusion with the contractors. This extortion formed one of the saddest and most sordid chapters of the Civil War (as it does of all wars,) but conventional history is silent on the subject, and one is compelled to look elsewhere for the facts of how the commercial houses imposed at high prices shoddy material and semi-putrid food upon the very army and navy that fought for their interests.<sup>9</sup> In the words of one of Field's laudatory biographers, "the firm coined money" — a phrase which for the volumes of significant meaning embodied in it, is an epitome of the whole profit system.

Some of the personnel of the firm changed several times: in 1865 Field, Leiter and Potter Palmer (who had also become a multimillionaire) associated under the firm name of Field, Leiter & Palmer. The great fire of 1871 destroyed the firm's buildings, but they were replaced. Subsequently the firm became Field, Leiter & Co., and, finally in 1887, Marshall Field & Co.<sup>10</sup> The firm conducted both a wholesale and retail business on what is called in commercial slang "a cash basis:" that is, it sold goods on immediate payment and not on credit. The volume of its business rose to enormous proportions. In 1884 it reached an aggregate of \$30,000,000 a year; in 1901 it was estimated at fully \$50,000,000 a year.

<sup>9</sup> In those parts of this work relating to great fortunes from railroads and from industries, this phase of commercial life is specifically dealt with. The enormities brazenly committed during the Spanish-American War of 1898 are sufficiently remembered. Napoleon had the same experience with French contractors, and the testimony of all wars is to the same effect.

<sup>10</sup> So valuable was a partnership in this firm that a writer says that Field paid Leiter "an unknown number of millions" when he bought out Leiter's interest.

## CHAPTER IX

### THE FIELD FORTUNE IN EXTENSO

In close similarity to the start of the Astors and many other founders of great land fortunes, commerce was the original means by which Marshall Field obtained the money which he invested in land. Consecutively came a ramification of other revenue-producing properties. Once in motion, the process worked in the same admixed, interconnected way as it did in the amassing of contemporary large fortunes. It may be literally compared to hundreds of golden streams flowing from as many sources to one central point. From land, business, railroads, street railways, public utility and industrial corporations — from these and many other channels, prodigious profits kept, and still keep, pouring in ceaselessly. In turn, these formed ever newer and widening distributing radii of investments. The process, by its own resistless volition, became one of continuous compound progression.

#### LAND FOR ALMOST NOTHING.

Long before the business of the firm of Marshall Field & Co. had reached the annual total of \$50,000,000, Field, Leiter and their associates had begun buying land in Chicago. Little capital was needed for the purpose. The material growth of Chicago explains sufficiently how a few dollars put in land fifty or sixty years ago became in time an automatically-increasing fund of millions. A century or so ago the log cabin of John Kinzie was the

only habitation on a site now occupied by a swarming, conglomerate, rushing population of 1,700,000.<sup>1</sup> Where the prairie land once stretched in solitude, a huge, roaring, choking city now stands, black with factories, the habitat of nearly two millions of human beings, living in a whirlpool of excitement and tumult, presenting extremes of wealth and poverty, the many existing in dire straits, the few rolling in sovereign luxury. A saying prevails in Chicago that the city now holds more millionaires than it did voters in 1840.

Land, in the infancy of the city, was cheap; few settlers there were, and the future could not be foreseen. In 1830 one-quarter of an acre could be bought for \$20; a few bits of silver, or any currency whatsoever, would secure to the buyer a deed carrying with it a title forever, with a perpetual right of exclusive ownership and a perpetual hold upon all succeeding generations. The more population grew, the greater the value their labor gave the land; and the keener their need, the more difficult it became for them to get land.

Within ten years — by about the beginning of the year 1840 — the price of a quarter of an acre in the center of the city had risen to \$1,500. A decade later the established value was \$17,500, and in 1860, \$28,000. Chicago was growing with great rapidity; a network of railroads converged there; mammoth factories, mills, grain elevators, packing houses: — a vast variety of manufacturing and mercantile concerns set up in business, and brought thither swarms of workingmen and their families, led on by the need of food and the prospects of work. The greater the influx of workers, the more augmented became the value of land. Inevitably the greatest congestion of living resulted.

<sup>1</sup> Census of 1900.

By 1870 the price of a quarter of an acre in the heart of the city bounded to \$120,000, and by 1880, to \$130,000.

#### IT BECOMES WORTH MILLIONS.

During the next decade — a decade full of bitter distress to the working population of the United States, and marked by widespread suffering — the price shot up to \$900,000. By 1894 — a panic year, in which millions of men were out of work and in a state of appalling destitution — a quarter of an acre reached the gigantic value of \$1,250,000.<sup>2</sup> At this identical time large numbers of the working class, which had so largely created this value, were begging vainly for work, and were being evicted by the tens of thousands in Chicago because they could not pay rent for their miserable, cramped habitations.

By exchanging a few hundred, or a few thousand dollars, in Chicago's extreme youth, for a scrap of paper called a deed, the buyer of this land found himself after the lapse of years, a millionaire. It did not matter where or how he obtained the purchase money: whether he swindled, or stole, or inherited it, or made it honestly; — so long as it was not counterfeit, the law was observed. After he got the land he was under no necessity of doing anything more than hold on to it, which same he could do equally well, whether in Chicago or buried in the depths of Kamschatka. If he chose, he could get chronically drunk; he could gamble, or drone in laziness; he could do anything but work. Nevertheless, the land and all its values which others created, were his forever, to enjoy and dispose of as suited his individual pleasure.

This was, and is still, the system. Thoroughly riveted in law, it was regarded as a rational, beneficent and

<sup>2</sup> Eighth Annual Report, Illinois Labor Bureau: 370.



everlasting fixture of civilized life — by the beneficiaries. And as these latter happened to be, by virtue of their possessions, among the real rulers of government, their conceptions and interests were embodied in law, thought and custom as the edict of civilization. The whole concurrent institutions of society, which were but the echo of property interests, pronounced the system wise and just, and, as a reigning force, do still so proclaim it. In such a state there was nothing abnormal in any man monopolizing land and exclusively appropriating its revenues. On the contrary, it was considered a superior stroke of business, a splendid example of astuteness. Marshall Field was looked upon as a very sagacious business man.

#### FIELD'S REAL ESTATE TRACTS.

Field bought much land when it was of comparatively inconsequential value, and held on to it with a tenacious grip. In the last years of his life, his revenues from his real estate were uninterruptedly enormous.

"Downtown real estate in Chicago," wrote "a popular writer" in a typically effusive biographical account of Field, published in 1901, "is about as valuable, foot for foot, as that in the best locations in New York City. From \$8,000 to \$15,000 a front foot are not uncommon figures for property north of Congress street, in the Chicago business district. Marshall Field owns not less than twenty choice sites and buildings in this section; not including those used for his drygoods business. In the vicinity of the Chicago University buildings he owns square block after block of valuable land. Yet farther south he owns hundreds of acres of land in the Calumet region — land invaluable for manufacturing purposes."

This extension and centralization of land ownership were accompanied by precisely the same results as were witnessed in other cities, although these results were the sequence of the whole social and industrial system, and not solely of any one phase. Poverty grew in exact proportion to the growth of large fortunes; the one presupposed, and was built upon, the existence of the other. Chicago became full of slums and fetid, overcrowded districts; and if the density and congestion of population are not as great as in New York, Boston and Cincinnati, it is only because of more favorable geographical conditions.

Field's fortune was heaped up in about the last twenty years of his life. The celerity of its progress arose from the prolific variety and nature of his possessions. To form even an approximate idea of how fast wealth came in to him, it is necessary to picture millions of men, women and children toiling day after day, year in and year out, getting a little less than two parts of the value of what they produced, while almost nine portions either went to him entirely or in part. But this was not all. Add to these millions of workers the rest of the population of the United States who had to buy from, or in some other way pay tribute to, the many corporations in which Field held stock, and you get some adequate conception of the innumerable influxions of gold which poured into Field's coffers every minute, every second of the day, whether he were awake or asleep; whether sick or well, whether traveling or sitting stock still.

#### HIS INCOME: \$500 TO \$700 AN HOUR.

This one man had the legal power of taking over to himself, as his inalienable property, his to enjoy, hoard,

squander, bury, or throw in the ocean, if his fancy so dictated, the revenue produced by the labor of millions of beings as human as he, with the same born capacity for eating, drinking, breathing, sleeping and dying. Many of his workers had a better digestive apparatus which had to put up with inferior food, and, at times, no food at all. He could eat no more than three meals a day, but his daily income was enough to have afforded him ten thousand sumptuous daily meals, with exquisite "trimmings," while periods came when those who drudged for him were fortunate to have any meals at all. Few of his workers received as much as \$2 a day; Field's income was estimated to be at the rate of about \$500 to \$700 an hour.

First — and of prime importance — was his wholesale and retail drygoods business. This was, and is, a line of business in which frantic competition survived long after the manufacturing field had passed over into concentrated trust control. To keep apace with competitors and make high profits, it was imperative not only to resort to shifts, expedients and policies followed by competitors, but to improve upon, and surpass, those methods if possible. Field at all times proved that it was possible. No competing firm would pay a certain rate of wages but what Field instantly outgeneraled it by cutting his workers' wages to a point enabling him to make his goods as cheap or cheaper.

#### HIS EMPLOYEES' WRETCHED WAGES.

In his wholesale and retail stores he employed not less than ten thousand men, women and children. He compelled them to work for wages which, in a large number of cases, were inadequate even for a bare subsistence.

Ninety-five per cent. received \$12 a week or less. The female sewing-machine operators who bent over their tasks the long day, making the clothes sold in the Field stores, were paid the miserable wages of \$6.75 a week. Makers of socks and stockings were paid from \$4.57 to \$4.75 a week. The working hours consisted variously of from fifty-nine to fifty-nine and a half a week. Field also manufactured his own furniture as well as many other articles. Furniture workers were paid: Machine workers, \$11.02, and upholsterers \$12.47 a week. All of Field's wage workers were paid by the hour; should they fall sick, or work become slack, their pay was proportionately reduced.

The wretchedness in which many of these workers lived, and in which they still live (for the same conditions obtain), was pitiful in the extreme. Even in a small town where rent is not so high, these paltry wages would have been insufficient for an existence of partial decency. But in Chicago, with its forbidding rents, the increasing cost of all necessities, and all of the other expenses incident to life in a large city, their wages were notoriously scanty.

Large numbers of them were driven to herding in foul tenements or evil dwellings, the inducements of which was the rent, a little lighter than could be had elsewhere. Every cent economized meant much. If an investigator (as often happened) had observed them, and had followed them to their wretched homes after their day's work, he would have noted, or learned of, these conditions: Their food was circumscribed and coarse — the very cheapest forms of meat, and usually stale bread. Butter was a superfluous luxury. The morning meal was made up of a chunk of bread washed down with "coffee" — adulterated stuff with just a faint odor of real coffee. At

noon, bread and an onion, or a bit of herring, or a slice of cheap cheese composed their dinner, with perhaps a dash of dessert in the shape of sweetened substance, artificially colored, sold as "cake." For supper, cheap pork, or a soup bone, garnished occasionally in the season by stale vegetables, and accompanied by a concoction resembling tea. Few of these workers ever had more than one suit of clothes, or more than one dress. They could not afford amusements, and were too fatigued to read or converse. At night bunches of them bunked together — sometimes eight or ten in a single room; by this arrangement the rent of each was proportionately reduced.

It is now we come to a sinister result of these methods of exploiting the wage-working girls and women. The subject is one that cannot be approached with other than considerable hesitancy, not because the facts are untrue, but because its statistical nature has not been officially investigated. Nevertheless, the facts are known; stern, inflexible facts. For true historical accuracy, as well as for purposes of humanity, they must be given; that delicacy would be false, misleading and palliative which would refrain from tearing away the veil and from exposing the putridity beneath.

Field was repeatedly charged with employing his workers at such desperately low wages as to drive large numbers of girls and women, by the terrifying force of poverty, into the alternative of prostitution. How large the number has been, or precisely what the economic or psychologic factors have been, we have no means of knowing. It is worth noting that many official investigations, futile though their results, have probed into many other phases of capitalist fraud. But the department stores over the country have been a singular exception.

Why this partiality? Because the public is never

allowed to get agitated over the methods and practices of the department stores. Hence the politicians are neither forced, for the sake of appearance, to investigate, nor can they make political capital from a thing over which the people are not aroused. Not a line of the horrors taking place in the large department stores is ever reported in the newspapers, not a mention of the treatment of girls and women, not a word of the injunctions frequently obtained restraining these stores from continuing to sell this or that brand of spurious goods in imitation of those of some complaining capitalist, or of the seizures by Health Boards of adulterated drugs or foods.

Wherefore this silence? Because, unsophisticated reader, these same department stores are the largest and steadiest advertisers. The newspapers, which solemnly set themselves up as moral, ethical, and political instructors to the public, sell all the space desired to advertise goods many of which are fraudulent in nature or weight. Not a line objectionable to these department stores ever gets into newspaper print; on the contrary, the owners of these stores, by the bludgeon of their immense advertising, have the power, within certain limitations, of virtually acting as censors. The newspapers, whatever their pretensions, make no attempt to antagonize the powers from whom so large a portion of their revenue comes. It is a standing rule in newspaper offices in the cities, that not a specific mention of any unfavorable or discreditable matter occurring in department stores, or affecting the interests of the proprietors of those stores, is allowed to get into print. Thus it is that the general public are studiously kept in ignorance of the abominations incessantly going on in the large department stores.

## OUTCASTS RATHER THAN SLAVES.

Notwithstanding this community of silence, in some respects akin to a huge compounded system of blackmail, it is generally known that department stores are often breeding stations of prostitution by reason of two factors — extremely low wages and environment. There can be no disputing the fact that these two working together, and perhaps superinduced by other compelling influences, do bring about a condition the upshot of which is prostitution. Such supine reports as those of the Consumers' League, an organization of well-disposed dilettantes, and of superficial purposes, give no insight into the real estate of affairs. In his rather sensational and vitriolic raking of Chicago, W. T. Stead strongly deals with the effects of department store conditions in filling the ranks of prostitutes. He quotes Dora Claflin, the proprietress of a brothel, as saying that such houses as hers obtained their inmates from the stores, those in particular where hours were long and the pay small.<sup>3</sup>

Mockery of mockeries that in this era of civilization, so-called, a system should prevail that yields far greater returns from selling the body than from honest industry!

It has been estimated that the number of young women who receive \$2,500 in one year by the sale of their persons is larger than the number of women of all ages,

<sup>3</sup> See his work, "If Christ Came to Chicago." Much more specific and reliable is the report of the U. S. Industrial Commission. After giving the low wages paid to women in the different cities, it says: "It is manifest from the figures given that the amount of earnings in many cases is less than the actual cost of the necessities of life. The existence of such a state of affairs must inevitably lead in many cases to the adoption of a life of immorality and, in fact, there is no doubt that the low rate of wages paid to women is one of the most frequent causes of prostitution. The fact that the great mass of working women maintain their virtue in spite of low wages and dangerous environment is highly creditable to them."—Final Report of the Industrial Commission, 1902, xix: 927.

in all businesses and professions, who make a similar sum by work of mind or hand.<sup>4</sup> But one of the most significant recognitions of the responsibility of department stores for the prevalence of prostitution, was the act of a member of the Illinois legislature, a few years ago, in introducing a resolution (which failed to pass) to investigate the department stores of Chicago on the ground that conditions in them led to a shocking state of immorality. The statement has been repeatedly made that nearly one-half of the outcast girls and women of Chicago have come from the department stores.<sup>5</sup>

<sup>4</sup> See an article on this point by the Rev. F. M. Goodchild in the "Arena" Magazine for March, 1896.

<sup>5</sup> In the course of inquiries among the Chicago religious missions in 1909, the author was everywhere informed that the great majority of native prostitutes were products of the department stores. Some of the conditions in these department stores, and how their owners have fought every effort to better these conditions, have been revealed in many official reports. The appended description is from the Annual Report of the Factory Inspectors of Illinois, 1903-04, pp. ix and x:

"In this regard, and worthy of mention, reference might be made to the large dry goods houses and department stores located in Chicago and other cities, in which places it has been customary to employ a great number of children under the age of sixteen as messenger boys, bundle wrappers, or as cash boys or cash girls, wagon boys, etc. In previous years these children were required to come to work early in the morning and remain until late at night, or as long as the establishment was open for business, which frequently required the youngsters to remain anywhere from 8:00 to 9:00 o'clock in the morning until 10:00 and 11:00 p.m., their weak and immature bodies tired and worn out under the strain of the customary holiday rush. In the putting a stop to this practice of employing small children ten and thirteen hours per day, the department found it necessary to institute frequent prosecutions. While our efforts were successful, we met with serious opposition, and in some cases almost continuous litigation, some 300 arrests being necessary to bring about the desired results, which finally secured the eight hour day and a good night's rest for the small army of toilers engaged in the candy and paper box manufacturing establishments and department stores.

"In conducting these investigations and crusades the inspectors met with some surprises in the way of unique excuses. In Chicago a manager of a very representative first class department



It was not only by these methods that the firm of Marshall Field & Co. was so phenomenally successful in making money. In the background were other methods which belong to a different category. Whatever Field's practices — and they were venal and unscrupulous to a great degree, as will be shown — he was an astute organizer. He understood how to manipulate and use other men, and how to centralize business, and cut out the waste and junket of mercantile operations. In the evolutionary scheme of business he played his important part and a very necessary part it was, for which he must be given full credit. His methods, base as they were, were in no respect different from those of the rest of the commercial world, as a whole. The only difference was that he was more conspicuous and more successful.

#### CENTERING ALL PROFITS IN HIMSELF.

At a time when all business was run on the chaotic and desultory lines characteristic of the purely competitive age, he had the foresight and shrewdness to perceive that the storekeeper who depended upon the jobber and the manufacturer for his goods was largely at the mercy of those elements. Even if he were not, there were two

store, one of the largest of its kind, gave as his reason for not obeying the law, that they had never been interfered with before. Another, that the children preferred to be in the store rather than at home. The unnaturalness of this latter excuse can be readily realized by anyone who has stepped into a large department store during the holiday season, when the clerks are tired and cross and little consideration is shown to the cash boy or cash girl who, because he or she may be tired or physically frail, might be a little tardy in running an errand or wrapping a bundle. This character of work for long hours is deleterious to a child, as are the employments in many branches of the garment trade or other industries, which labor is so openly condemned by those who have been interested in anti-child labor movements."

sets of profits between him and the making of the goods—the jobber's profits and the manufacturer's.

Years before this vital fact was impressed upon the minds of the floundering retailers, Field understood, and acted upon, it. He became his own manufacturer and jobber. Thus he was complacently able to supply his department store with many goods at cost, and pocket the profits that otherwise would have gone to jobber and manufacturer. In, however, the very act of making three sets of profits, while many other stores made only one set, Field paid his employees at the retail store rate; that is to say, he paid no more in wages than the store which had to buy often from the jobber, who in turn, purchased from the manufacturer. With this salient fact in mind, one begins to get a clear insight into some of the reasons why Field made such enormous profits, and an understanding of the consequent contrast of his firm doing a business of \$50,000,000 a year while thousands of his employees had to work for a wretched pittance. He could have afforded to have paid them many times more than they were getting and still would have made large profits. But this would have been an imbecilic violation of that established canon of business: Pay your employees as little as you can, and sell your goods for the highest price you can get.

Field was one of the biggest dry goods manufacturers in the world. He owned, says a writer, scores of enormous factories in England, Ireland and Scotland. "The provinces of France," this eulogist goes on, "are dotted with his mills. The clatter of the Marshall Field looms is heard in Spain, Italy, Germany, Austria and Russia. Nor is the Orient neglected by this master of fabrics. Plodding Chinese and the skilled Japs are numbered by the thousands on the payroll of the Chicago merchant and

manufacturer. On the other side of the equator are vast woolen mills in Australia, and the chain extends to South America, with factories in Brazil and in other of our neighboring republics."

In all of these factories the labor of men, women and children was harshly exploited; in nearly all of them the workers were in an unorganized state, and therefore deprived of every vestige of self-protection. Boys and girls of tenderest age were mercilessly ground into dollars; their young life's blood dyed deep the fabrics which brought Field riches. In this dehumanizing business Field was only doing what the entire commercial aristocracy the world over was doing.

How extraordinarily profitable the business of Marshall Field & Co. was (and is), may be seen in the fact that its shares (it became an incorporated stock company) were worth \$1,000 each. At his death Marshall Field owned 3,400 of these shares, which the executors of his estate valued at \$3,400,000. That the exploitation of labor, the sale of sweatshop and adulterated goods, and many other forms of oppression or fraud were a consecutive and integral part of his business methods is undeniable. But other factors, distinctly under the ban of the law, afford an additional explanation of how he was able to undersell petty competitors, situated even at a distance. What all of these factors were is not a matter of public knowledge. At least one of them came to light when, on December 4, 1907, D. R. Anthony, a representative in Congress from Kansas, supplied evidence to Postmaster-General Meyer that the house of Marshall Field & Co. had enjoyed, and still had, the privilege of secret discriminatory express rates in the shipment of goods. This charge, if sustained, was a clear violation of the law; but these violations by the great

propertied interests were common, and entailed, at the worst, no other penalty than a nominal fine.

From such sources came the money with which he became a large landowner. Also, from the sources enumerated, came the money with which he and his associates debauched politics, and bribed common councils and legislatures to present them with public franchises for street and elevated railways, gas, telephone and electric light projects — franchises intrinsically worth incalculable sums.<sup>6</sup> With the money squeezed out of his legions of poverty-stricken employees and out of his rent-racked tenants he became an industrial monarch. The inventory of his estates filed in court by his executors revealed that he owned stocks and bonds in about one hundred and fifty corporations. This itemized list showed that he owned many millions of bonds and stocks in railroads with the construction and operation of which he had nothing to do. The history of practically all of them reeks with thefts of public and private money; corruption of common councils, of legislatures, Congress and of administrative officials; land grabbing, fraud, illegal transactions, violence, and oppression not only of their immediate workers, but of the entire population.<sup>7</sup> He owned — to give a few instances — \$1,500,000 of Baltimore and Ohio stock; \$600,000 of Atchison, Topeka and Sante Fe; \$1,860,000 of Chicago and Northwestern, and tens of millions more of the stock or bonds of about fifteen other railroads.

He also owned an immense assortment of the stocks of a large number of trusts. The affairs of these trusts have been shown in court, at some time or other, as

<sup>6</sup> For detailed particulars see that part of this work comprising "Great Fortunes from Public Franchises."

<sup>7</sup> The acts here summarized are narrated specifically in Part III, "Great Fortunes from Railroads."

overflowing with fraud, the most glaring oppressions, and violations of law. He had \$450,000 in stock of the Corn Products Company (the Glucose Trust); \$370,000 of the stock of the notorious Harvester Trust, which charges the farmer \$75 for a machine that perhaps costs \$16 in all to make and market, and which holds a great part of the farming population bound hand and foot; \$350,000 of Biscuit Trust stock; \$200,000 of American Tin Can Company (Tin Can Trust) stock; and large amounts of stock in other trusts. All of these stocks and bonds Field owned outright; he made it a rule never to buy a share of stock on margin or for speculative purposes. All told, he owned more than \$55,000,000 in stocks and bonds.

A very considerable part of these were securities of Chicago surface and elevated railway, gas, electric light and telephone companies. In the corruption attending the securing of the franchises of these corporations he was a direct principal. The narrative of this part of his fortune, however, more pertinently belongs to subsequent chapters of this work.

## CHAPTER X

### FURTHER VISTAS OF THE FIELD FORTUNE

But if only to give at the outset a translucent example of Field's methods in the management of industrial corporations, it is well to advert here to the operations of one of his many properties — the Pullman Company, otherwise called the "Palace Car Trust." This is a necessary part of the exposition in order to bring out more of the methods by which Field was enabled to fling together his vast fortune.

The artificial creation of the law called the corporation was so devised that it was comparatively easy for the men who controlled it to evade personal, moral, and often legal, responsibility for their acts. Governed as the corporation was by a body of directors, those acts became collective and not individual; if one of the directors were assailed he could plausibly take refuge in the claim that he was merely one of a number of controllers; that he could not be held specifically responsible. Thus the culpability was shifted, until it rested on the corporation, which was a bloodless thing, not a person.

#### FIELD'S PULLMAN WORKS.

In the case of the Pullman Co., however, much of the moral responsibility could be directly placed upon Field, inasmuch as he, although under cover, was virtually the dictator of that corporation. According to the inven-

tory of the executors of his will, he owned 8,000 shares of Pullman stock, valued at \$800,000. It was asserted (in 1901) that Field was the largest owner of Pullman stock. "In the popular mind," wrote a puffer, probably inspired by Field himself, "George M. Pullman has ever been deemed the dominant factor in that vast and profitable enterprise." This belief was declared an error, and the writer went on: "Field is, and for years has been, in almost absolute control. Pullman was little more than a figurehead. Such men as Robert T. Lincoln, the president of the company, and Norman B. Ream are but representatives of Marshall Field, whose name has never been identified with the property he so largely owns and controls." That fulsome writer, with the usual inaccuracies and turgid exaggerations of "popular writers," omitted to say that although Field was long the controlling figure in the management of the Pullman works, yet other powerful American multimillionaires, such as the Vanderbilts, had also become large stockholders.

The Pullman Company, Moody states, employed in 1904, in all departments of its various factories at different places, nearly 20,000 employees, and controlled 85 per cent of the entire industry.<sup>1</sup> As at least a part of the methods of the company have been the subject of official investigation, certain facts are available.

To give a brief survey, the Pullman Company was organized in 1867 to build sleeping cars of a feasible type officially patented by Pullman. In 1880 it bought five hundred acres of land near Chicago. Upon three hundred of these it built its plant, and proceeded, with much show and advertisement of benevolence, to build what is called a model town for the benefit of its workers. Brick tenements, churches, a library, and ath-

<sup>1</sup> "The Truth About the Trusts": 266-267.

letic grounds were the main features, with sundry miscellaneous accessories. This project was heralded far and wide as a notable achievement, a conspicuous example of the growing altruism of business.

#### THE NATURE OF A MODEL TOWN.

Time soon revealed the inner nature of the enterprise. The "model town," as was the case with imitative towns, proved to be a cunning device with two barbs. It militated to hold the workers to their jobs in a state of quasi serfdom, and it gave the company additional avenues of exploiting its workers beyond the ordinary and usual limits of wages and profits. In reality, it was one of the forerunners of an incoming feudalistic sway, without the advantages to the wage worker that the lowly possessed under medieval feudalism. It was also an apparent polished improvement, but nothing more, over the processes at the coal mines in Pennsylvania, Illinois and other States where the miners were paid the most meager wages, and were compelled to return those wages to the coal companies and bear an incubus of debt besides, by being forced to buy all of their goods and merchandise at company stores at extortionate rates. But where the coal companies did the thing boldly and crudely, the Pullman Company surrounded the exploitation with deceptive embellishments.

The mechanism, although indirect, was simple. While, for instance, the cost of gas to the Pullman Company was only thirty-three cents a thousand feet, every worker living in the town of Pullman had to pay at the rate of \$2.25 a thousand feet. If he desired to retain his job he could not avoid payment; the company owned the exclusive supply of gas and was the exclusive land-



lord. The company had him in a clamp from which he could not well escape. The workers were housed in ugly little pens, called cottages, built in tight rows, each having five rooms and "conveniences." For each of these cottages \$18 rent a month was charged. The city of Chicago, the officials of which were but the mannikins or hirelings of the industrial magnates, generously supplied the Pullman Company with water at four cents a thousand gallons. For this same water the company charged its employees ten cents a thousand gallons, or about seventy-one cents a month. By this plan the company, in addition, obtained its water supply for practically nothing. Even for having shutters on the houses the workers were taxed fifty cents a month. These are some specimens of the company's many devious instrumentalities for enchaining and plundering its thousands of workers.

In the panic year of 1893 the Pullman Company reduced wages one-fourth, yet the cost of rent, water, gas — of nearly all other fundamental necessities — remained the same. As the average yearly pay of at least 4,497 of the company's wage workers was little more than \$600 — or, to be exact, \$613.86 — this reduction, in a large number of cases, was equivalent to forcing these workers to yield up their labors for substantially nothing. Numerous witnesses testified before the special commission appointed later by President Cleveland, that at times their bi-weekly checks ran variously from four cents to one dollar. The company could not produce evidence to disprove this. These sums represented the company's indebtedness to them for their labor, after the company had deducted rent and other charges. Such manifold robberies aroused the bitterest resentment among the company's

employees, since especially it was a matter of authentic knowledge, disclosed by the company's own reports, that the Pullman factories were making enormous profits. At this time, the Pullman workers were \$70,000 in arrears to the company for rent alone.

#### THE PULLMAN EMPLOYEES STRIKE.

Finally plucking up courage — for it required a high degree of moral bravery to subject themselves and their families to the further want inevitably ensuing from a strike — the workers of the Pullman Company demanded a restoration of the old scale of wages. An arrogant refusal led to the declaration of a strike on May 11, 1894. This strike, and the greater strike following, were termed by Carroll D. Wright, for a time United States Commissioner of Labor, as “probably the most expensive and far-reaching labor controversy which can properly be classed among the historic controversies of this generation.”<sup>2</sup> The American Railway Union, composed of the various grades of workers on a large number of railroads, declared a general sympathetic strike under the delegated leadership of Eugene V. Debs.

The strike would perhaps have been successful had it not been that the entire powers of the National Government, and those of most of the States affected, were used roughshod to crush this mighty labor uprising. The whole newspaper press, with rare exceptions, spread the most glaring falsehoods about the strike and its management. Debs was personally and venomously assailed in vituperation that has had little equal. To put the strikers in the attitude of sowing violence, the railroad corporations deliberately instigated the burning or de-

<sup>2</sup> “Industrial Evolution of the United States,” 313.

struction of their own cars (they were cheap, worn-out freight cars), and everywhere had thugs and roughs as its emissaries to preach, and provoke, violence.<sup>3</sup> The object was threefold: to throw the onus upon the strikers of being a lawless body; to give the newspapers an opportunity of inveighing with terrific effect against the strikers, and to call upon the Government for armed troops to shoot down, overawe, or in other ways thwart, the strikers.

Government was, in reality, directed by the railroad and other corporations. United States judges, at the behest of the railroad companies (which had caused them to be appointed to the Bench), issued extraordinary, unprecedented injunctions against the strikers. These injunctions even prevented the strikers from persuading fellow employees to quit work. So utterly without any basis in law were these injunctions that the Federal Commission reported: "It is seriously questioned, and with much force, whether the courts have jurisdiction to enjoin citizens from 'persuading' each other in industrial matters of common interest." But the injunctions were enforced. Debs and his comrades were convicted of contempt of court and, without jury trial, imprisoned at a critical juncture of the strike. And what was their offense? Nothing more than seeking to induce other workers to take up the cause of their striking fellow-workers. The judges constituted themselves as prosecuting attorney, judge and jury. Never had such high-handed judicial usurpation been witnessed. As a concluding stroke, President Cleveland ordered a detachment of the United States army to Chicago. The

<sup>3</sup> Parsons, "The Railways, the Trusts and the People": 109. Also, Report of Chicago Chief of Police for 1894. This was a customary practice of railroad, industrial and mining capitalists. Further facts are brought out in other parts of this work.

pretexts were that the strikers were interfering with interstate commerce and with the carrying of mails.

#### VAST PROFITS AND LOW WAGES.

That the company's profits were great at the identical time the workers were curtailed to a starvation basis, there can be no doubt. The general indignation and agitation caused by the summary proceedings during the strike, compelled President Cleveland to appoint a commission to investigate. Cleveland was a mediocre politician who, by a series of fortuitous circumstances, had risen from ward politics to the Presidency. After using the concentrated power of the Federal Government to break the strike, he then decided to "investigate" its merits. It was the shift and ruse of a typical politician.

The Special Commission, while not selected of men who could in the remotest degree be accused of partiality toward the workers, brought out a volume of significant facts, and handed in a report marked by considerable and unexpected fairness. The report showed that the Pullman Company's capital had been increased from \$1,000,000 in 1867 to \$36,000,000 in 1894. "Its prosperity," the Commission reported, "has enabled the company for over twenty years to pay two per cent. quarterly dividends. But this eight per cent. annual dividend was not all. In certain years the dividends had ranged from nine and one half, to twelve, per cent. In addition, the Commission further reported, the company had laid by a reserve fund in the form of a surplus of \$25,000,000 of profits which had not been divided. For the year ending July 31, 1893, the declared dividends were \$2,520,000; the wages \$7,223,719.51. During the next year, when wages were cut one-fourth, the stockholders

divided an even greater amount in profits: \$2,880,000. Wages went to \$4,471,701.39.<sup>4</sup>

If Field's revenue was so proportionately large from this one property—the Pullman works—it is evident that his total revenue from the large array of properties which he owned, or in which he held bonds or stock, was very great.

It is probable that in the latter years of his life his annual net income was, at the very least, \$5,000,000. This is an extremely conservative estimate. More likely it reached \$10,000,000 a year. Computing the sum upon which the average of his workers had to live (to make a very liberal allowance) at \$800 a year, this sum of \$5,000,000 flowing in to him every year, without in the slightest trenching upon his principal, was equal to the entire amount that 6,250 of his employees earned by the skill of their brains and hands, and upon which they had to support themselves and their families.

Here, then, was one individual who appropriated to his use as much as six thousand men and more who laboriously performed service to the community. For that \$5,000,000 a year Field had nothing to do in return except to worry over the personal or business uses to which his surplus revenues should be put; like a true industrial monarch he relieved himself of superfluous cares by hiring the ability to supervise and manage his properties for him.

<sup>4</sup> "Report on the Chicago Strike of June and July, 1894," by the United States Strike Commissioners, 1895.—Throughout all subsequent years, and at present, the Pullman Company has continued charging the public exorbitant rates for the use of its cars. Numerous bills have been introduced in various legislatures to compel the company to reduce its rates. The company has squelched these measures. Its consistent policy is well known of paying its porters and conductors such poor wages that the 15,000,000 passengers who ride in Pullman cars every year are virtually obliged to make up the deficiency by tips.

Such an avalanche of riches tumbled in upon him that, perforce, like the Astors, the Goelets and other multimillionaires, he was put constantly to the terrible extremity of seeking new fields for investment. Luxuriously live, as he did, it would have required a superior inventive capacity to have dissipated his full income. But, judging his life by that of some other multimillionaires, he lived modestly. Of medium height and spare figure, he was of rather unobtrusive appearance. In his last years his hair and mustache were white. His eyes were gray and cold; his expression one of determination and blandly assertive selfishness. His eulogists, however, have glowingly portrayed him as "generous, philanthropic and public-spirited."

"A MODEL OF BUSINESS INTEGRITY."

In fact, it was a point descanted upon with extraordinary emphasis during Field's lifetime and following his demise that, (to use the stock phrase which with wearying ceaselessness went the rounds of the press), he was "a business man of the best type." From this exceptional commentary it can be seen what was the current and rooted opinion of the character of business men in general. Field's rigorous exploitation of his tens of thousands of workers in his stores, in his Pullman factories, and elsewhere, was not a hermetically sealed secret; but this exploitation, no matter to what extremes it was carried, was an ordinary routine of prevailing business methods.<sup>5</sup>

<sup>5</sup> Sweeping as this statement may impress the uninitiated, it is entirely within the facts. As one of many indisputable confirmations it is only necessary to refer to the extended debate over child labor in the United States Senate on January 23, 28, and 29, 1907, in which it was conclusively shown that more than

Of the virtual enslavement of the worker; of the robbing him of what he produced; of the drastic laws enforced against him; of the debasement of men, women and children — of all of these facts the organs of public expression, the politicians and the clergy, with few exceptions, said nothing.

Everywhere, except in obscure quarters of despised workmen's meetings, or in the writings or speeches of a few intellectual protestors, the dictum was proclaimed and instilled that conditions were just and good. In a thousand disingenuous ways, backed by nimble sophistry, the whole ruling class, with its clouds of retainers, turned out either an increasing flood of praise of these conditions, or masses of misinforming matter which tended to reconcile or blind the victim to his pitiful drudgery. The masters of industry, who reaped fabulous riches from such a system, were covered with slavish adulation, and were represented in flowery, grandiloquent phrases as indispensable men, without whom the industrial system of the country could not be carried on. Nay, even more: while being plundered and ever anew plundered of the fruits of their labor, the workers were told, (as they are increasingly being told), that they should honor the magnates and be thankful to them for providing work.

#### HE STEALS MILLIONS IN TAXES.

Marshall Field, as we have said, was heralded far and wide as an unusually honest business man, the implication being that every cent of his fortune was made fairly

half a million children under fifteen years of age were employed in factories, mines and sweatshops. It was also brought out how the owners of these properties bitterly resisted the passage or enforcement of restrictive laws.

and squarely. Those fawners to wealth, and they were many, who persisted in acclaiming his business methods as proper and honorable, were grievously at a loss for an explanation when his will was probated, and it was found that even under the existing laws, favorable as they were to wealth, he had been nothing more than a common perjurer and a cheat. It was too true, alas! This man "of strict probity" had to be catalogued with the rest of his class.

For many years he had insisted on paying taxes on personal property on a valuation of not more than \$2,500,000; and the pious old shopkeeper had repeatedly threatened, in case the board of assessors should raise his assessment, that he would forthwith bundle off his domicile from Chicago, and reside in a place where assessors refrain from too much curiosity as to one's belongings. But lo! when the schedule of his property was filed in court, it was disclosed that for many years he had owned at least \$17,500,000 of taxable personal property subject to the laws of the State of Illinois. Thus was another idol cruelly shattered; for the afore-said fawners had never tired of exulting elaborately upon the theme of Field's success, and how it was due to his absolute integrity and pure, undefiled character.

At another time the facts of his thefts of taxes might have been suppressed or toned down. But at this particular juncture Chicago happened to have a certain corporation counsel who, while mildly infected with conventional views, was not a truckler to wealth. Suit was brought in behalf of the city for recovery of \$1,730,000 back taxes. So clear was the case that the trustees of Field's estate decided to compromise. On March 2, 1908, they delivered to John R. Thompson, treasurer of Cook County, a check for one million dollars. If



the compound interest for the whole series of years during which Field cheated in taxation were added to the \$1,730,000, it would probably be found that the total amount of his frauds had reached fully three million dollars.

The chorus of astonishment that ascended when these facts were divulged was an edifying display. He who did not know that the entire propertied class made a regular profession of perjury and fraud in order to cheat the public treasury out of taxes, was either deliciously innocent or singularly uninformed. Year after year a host of municipal and State officials throughout the United States issued reports showing this widespread condition. Yet aside from their verbose complainings, which served political purpose in giving an air of official vigilance, the authorities did nothing.

#### PERJURY AND CHEATING COMMON.

As a matter of fact, the evasion of taxes by the Pullman Company had been a public scandal for many years. John P. Altgeld, Governor of Illinois in 1893-95, frequently referred to it in his speeches and public papers. Field, then, not only personally cheated the public treasury out of millions, but also the corporations which he controlled did likewise. The propertied class everywhere did the same. The unusually thorough report of the Illinois Labor Bureau of 1894 demonstrated how the most valuable land and buildings in Chicago were assessed at the merest fraction of their true value — the costliest commercial buildings at about one-tenth, and the richest residences at about one-fourteenth, of their actual value. As for personal property it contributed a negligible amount in taxes.<sup>6</sup>

<sup>6</sup> Eighth Biennial Report of the Illinois Bureau of Labor Sta-

The reports of the tax committee of the Boston Executive Business Association in 1891 estimated that two billion dollars of property in Boston escaped taxation, and that the public treasury was cheated out of about \$17,000,000 in taxes every year. As for New York City, we have seen how the Astors, the Schermerhorns, the Goelets—the whole aggregate of the propertied class—systematically defrauded in taxes for many decades. It is estimated that in New York City, at present, not less than five billion dollars of property, real and personal, entirely escapes taxation. This estimate is a conservative one.

Spahr, after an exhaustive investigation in the United States concluded more than a decade ago that, "the wealthy class pay less than one-tenth of the indirect taxes, the well-to-do less than one-quarter, and the relatively poorer classes more than two-thirds."<sup>7</sup> What Spahr omitted was this highly important qualification: When the rich do pay. Tenants of the property owners must pay their rent on time or suffer eviction, but the capitalists are allowed to take their own leisurely time in paying such portion of their taxes as remains after

tistics, 1894. The report, made public in August, 1909, of the Illinois Tax Reform League's investigation of the Chicago Board of Review's assessments, showed that these frauds in evading taxation not only continue, but on a much greater scale than ever before. The Illinois Tax Reform League asserted, among other statements, that Edward Morris, head of a large packing company, was not assessed on personal property, whereas he owned \$43,000,000 worth of securities, which the League specified. The League called upon the Board of Review to assess J. Ogden Armour, one of the chiefs of the Beef Trust, on \$30,840,000 of personal property. Armour was being yearly assessed on only \$200,000 of personal property. These are two of the many instances given in the report in question. It is estimated (in 1909), that back taxes on at least a billion dollars of assessable corporate capital stock, are due the city from a multitude of individuals and corporations.

<sup>7</sup> "The Present Distribution of Wealth in the United States": 143.

the bulk of the tax list has been perjured away. Thus in a report he made public on February 28, 1908, Controller Metz, of New York City, pointed out that the huge amount of \$102,834,227, was due the city in uncollected taxes, much of which amount ran several decades back. Of this sum \$29,816,513 was owed on real estate, on which the taxes were a direct lien.

The beauties of law as made and enforced by the property interests, are herein illustriously exemplified. A poor tenant can be instantly dispossessed, whether sick or in destitution, for non-payment of rent; the landowner is allowed by officials who represent, and defer to him and his class, to owe large amounts in taxes for long periods, and not a move is taken to dispossess him.

And now by the most natural gradation, we come to those much bepraised acts of our multi-millionaires — the seigniorial donating of millions to "charitable" or "public-spirited" purposes.

Like the Astors, the Schermerhorns, the Rhinelanders and a galaxy of others, Field diffused large sums; he, like them, was overwhelmed with panegyrics. Millions Field gave toward the founding and sustaining of the Field Columbian Museum in Chicago, and to the University of Chicago. It may be parenthetically added that, (to repeat), he owned, adjacent to this latter institution, many blocks of land the increased value of which, after the establishment of the University, more than recouped him for his gifts. This might have been either accidental or it might have been cold calculation; judging from Field's consistent methods, it was probably not chance.

So composite, however, is the human character, so crossed and seamed by conflicting influences, that at no time is it easy to draw any absolute line between motives.

Merely because he exploited his employees mercilessly, and cheated the public treasury out of millions of dollars, it does not necessarily follow that Field was utterly deficient in redeeming traits. As business is conducted, it is well known that many successful men (financially), who practice the most cruel and oppressive methods, are, outside the realm of strict business transactions, expansively generous and kind. In business they are beasts of prey, because under the private property system, competition, whether between small or large concerns, is reduced to a cutthroat struggle, and those who are in the contest must abide by its desperate rules. They must let no sympathy or tenderness interpose in their business dealings, else they are lost.

But without entering into a further philosophical disquisition, this fact must be noted: The amounts that Field gave for "philanthropy" were about identical with the sums out of which he defrauded Chicago in the one item of taxes alone. Probed into, it is seen that a great part of the sums that multimillionaires have given, represent but a tithe of the sums cheated by them in taxes. William C. Schermerhorn donates \$300,000 to Columbia University; the aggregate amount that he defrauded in taxes was much more. Thus do our magnates supply themselves with present and posthumous fame gratuitously. Not to consider the far greater and incalculably more comprehensive question of their appropriating the resources of the country and the labor of hundreds of millions of people,<sup>8</sup> and centering attention upon this one concrete instance of frauds in taxes, the situation presented is an incongruous one. Money belonging to the public treasury they retain by fraud; this money, apparently a part of their "honestly acquired"

<sup>8</sup> "Hundreds of millions of people." Not only are the 85,000,-

fortune, is given in some form of philanthropy; and then by some curious oversetting of even conventional standards, they reap blessings and glory for giving what are really stolen funds.

"Those who enjoy his confidence," wrote an effervescent eulogist of Field, "predict that the bulk of his vast fortune will be devoted to purposes of public utility." But this prediction did not materialize.

#### \$140,000,000 TO TWO BOYS.

Field's fortune, conservatively estimated at \$100,000,000, yet, in fact, reaching about \$140,000,000, was largely bequeathed to his two grandsons, Marshall Field III., and Henry Field. Marshall Field, as did many other multimillionaires of his period, welded his fortune into a compact and vested institution. It ceased to be a personal attribute, and became a thing, an inert mass of money, a corporate entity. This he did by creating, by the terms of his will, a trust of his fortune for the two boys. The provisions of the will set forth that \$72,000,000 was to set aside in trust for Marshall III., until the year 1954. At the expiration of that period it, together with its accumulation, was to be turned over to him. To the other grandson, Henry, \$48,000,000 was bequeathed under the same conditions.

These sums are not in money, although at all times Field had a snug sum of cash stowed away; when he died he had about \$4,500,000 in banks. The fortune that he left was principally in the form of real estate and bonds and stocks. These constituted a far more effective cumulative agency than money. They were, and are, inexorable mortgages on the labor of millions

000 people of the United States compelled to render tribute, but the peoples of other countries all over the globe.

of workers, men, women and children, of all occupations. By this simple screed, called a will, embodying one man's capricious indulgence, these boys, utterly incompetent even to grasp the magnitude of the fortune owned by them, and incapable of exercising the glimmerings of management, were given legal, binding power over a mass of people for generations. Patterson says that in the Field stores and Pullman factories fifty thousand people work for these boys.<sup>9</sup> But these are the direct employees; as we have seen, Field owned bonds and stock in more than one hundred and fifty industrial, railroad, mining and other corporations. The workers of all these toil for the Field boys.

They delve in mines, and risk accident, disease and death, or suffer an abjectly lingering life of impoverishment. Thousands of coal miners are killed every year, and many thousands more are injured, in order that two boys and others of their class may draw huge profits.<sup>10</sup> More than 10,000 persons are killed, and 97,000 injured, every year on the railroads, so that the income enjoyed by these lads and others shall not diminish. Nearly all of these casualties are due to economizing in expense, working employees to an extreme fatiguing limit, and refusing to provide proper safety appliances. Millions more workers drudge in rolling mills, railroad shops and factories; they wear out their lives on farms, in packing houses and stores. For what? Why, foolish questioner, for the rudiments of an existence; do you

<sup>9</sup> "Marshall Field's Will" by Joseph Medill Patterson. Reprinted in pamphlet form from "Collier's Weekly."

<sup>10</sup> The number of men killed per 100,000 employed has increased from 267 a year in 1895 to about 355 at present. (See report of J. A. Holmes, chief of the technological branch of the United States Geological Survey.) The chief reason for this slaughter is because it is more profitable to hire cheap, inexperienced men, and not surround the work with proper safeguards.



MARSHALL III. and HENRY FIELD.  
The Boys Who Inherited \$140,000,000.





not know that the world's dispossessed must pay heavily for the privilege of living? As these lads hold, either wholly or partly, the titles to all this inherited property: in plain words, to a formidable part of the machinery of business, the millions of workers must sweat and bend the back, and pile up a ceaseless flow of riches for them.

Marshall Field III., still in knickerbockers, receives \$60,000 a week; his brother Henry, \$40,000 a week. The sum in both cases automatically increases as the interest on the principal compounds. What do many of the workers who supply this revenue get? Patterson gives this authentic list of wages:

Pullman Company blacksmiths, \$16.43 a week; boiler-makers, \$17; carpenters, \$12.38; machinists, \$16.65; painters, \$13.60, and laborers, \$9.90 a week. As for the lower wages paid to the workers in the Field stores, we have already given them. And apart from the exploitation of employees, every person in Chicago who rides on the street or elevated railroads, and who uses gas, electricity or telephones, must pay direct tribute to these lads. How decayed monarchical establishments are in these days! Kings mostly must depend upon Parliaments for their civil lists of expenditure; but Capitalism does not have to ask leave of anybody; it appropriates what it wants.

This is the status of the Field fortune now. Let the Field striplings bless their destiny that they live in no medieval age, when each baron had to defend his possessions by his strong right arm successfully, or be compelled to relinquish. This age is one when Little Lord Fauntleroy's can own armies of profit producers, without being distracted from their toys. Whatever defense is needed is supplied by society, with its governments and

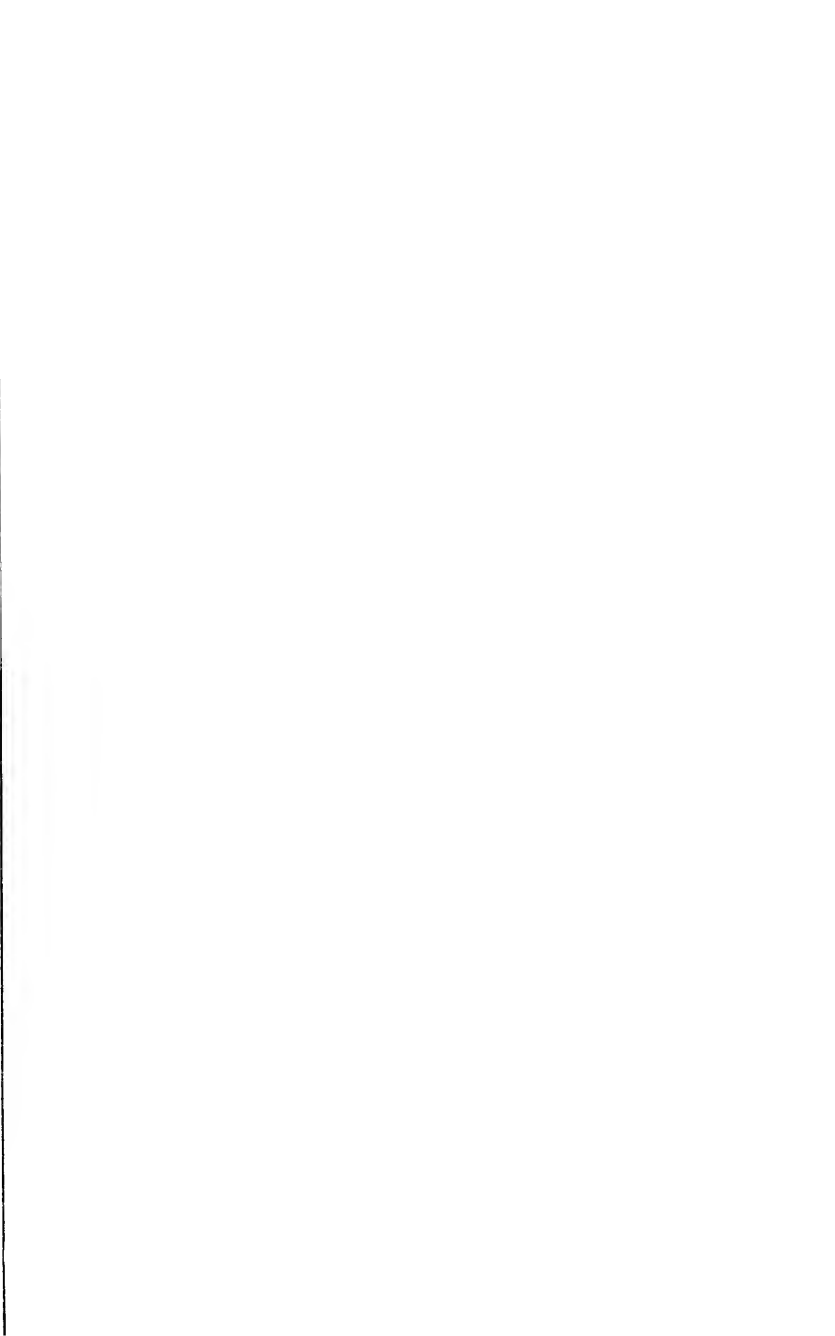
its judges, its superserviceable band of lawyers, and its armed forces. Two delicate children are upheld in enormous possessions and vast power, while millions of fellow beings are suffered to remain in destitution.

END OF VOL. I.

(The index for Volumes I, II, and III will be found in Vol. III.)







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